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UNITED NATIONS POPULATION FUND
Estimates for the biennial support budget, 2010-2011

Summary

This document contains the UNFPA budget proposal for the 2010-2011 biennium in the results-based budget format. The budget estimates total $274.5 million (gross) and $236.3 million (net).

UNFPA bases the total income projection for the 2010-2011 biennium on the latest 2009 income estimates and pledges ($1,446 million for 2008-2009). These income estimates and pledges are $183 million (14.5 per cent) higher than the amount envisaged at the time the budget proposal for 2008-2009 was prepared. UNFPA estimates the total income in the 2010-2011 biennium at $1,400 million, an increase of 10.8 per cent over the $1,263 million originally estimated for the 2008-2009 biennium. However, it is $46 million lower than the current 2008-2009 income estimate stated above. Total income includes $950 million in regular resources and $450 million in other resources (an increase of 10.1 per cent and 12.5 per cent, respectively, over the original estimates).

UNFPA has developed the 2010-2011 budget using the results-based budgeting methodology, whereby resources lead to the achievement of results articulated in the document. These results are in accordance with UNFPA commitments in the management results framework of the UNFPA strategic plan, 2008-2013.

The 2010-2011 budget takes into account current global economic uncertainties. UNFPA proposes a moderate 2010-2011 budget without major changes, compared to the previous biennium. The budget maintains basic capacity and identifies savings. It reflects a consolidation of the new organizational structure approved in the 2008-2009 biennium, with minimal changes to approved posts. It incorporates efficiency gains in several areas that UNFPA identified in response to Executive Board decision 2008/6 on the estimates for the UNFPA biennial support budget, 2008-2009.

The proposed gross budget of $274.5 million represents an increase of $14.7 million, or 5.7 per cent, over the approved 2008-2009 biennium budget of $259.8 million. The increase is driven by $19.6 million, or 7.6 per cent, statutory cost increases. The cost increases are offset by $4.9 million, or 1.9 per cent, savings and efficiencies in various areas. This means that there is a negative real growth in the budget proposal for 2010-2011.

The overall ratio of the gross budget to total income decreased from 20.6 per cent in 2008-2009 to 19.6 per cent in 2010-2011, thereby enabling UNFPA to channel a larger proportion of total available resources to programme implementation. Regular resources available for programme implementation increased from $632.3 million in 2008-2009 to $692.7 million in 2010-2011, a 9.5 per cent increase. Combined with other resources, total resources available for programme implementation increased from $1,038.4 million in 2008-2009 to $1,190.9 million in 2010-2011, an increase of 14.7 per cent.

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CONTENTS

I. UNFPA organizational chart 4
II. Executive summary 5
III. Strategic and financial context of the biennial support budget, 2010-2011 6
A. Strategic framework 6
B. Financial framework 8
IV. Proposals for the biennial support budget, 2010-2011 14
C. Summary of proposals 14
D. Description of biennial support budget activities and resources by function 19
Function 1: Executive direction and leadership 19
Function 2: Representation and advancement of the core mandate 20
Function 3: Corporate policy and strategy development, planning and guidance 21
Function 4: Programme guidance, management and oversight 21
Function 5: Procurement and supply management 23
Function 6: Emergency management 24
Function 7: External relations and partnerships 24
Function 8: Internal and external communication: media and public relations 25
Function 9: Resource mobilization and fund-raising 26
Function 10: Financial management 27
Function 11: Information and communications technology management 27
Function 12: General administrative management 28
Function 13: Human resources 29
Function 14. Audit and investigation 30
Function 15: Corporate evaluation 31
Function 16: Staff security 32
V. Draft decision 34
VI. Annex 1: Actions taken by UNFPA to implement the recommendations of the Advisory Committee on Administrative and Budgetary Questions 38
VII. Annex 2: Terminology 42
VIII. Annex 3: Methodology 43

LIST OF TABLES

Table 1 Resource plan 10
Table 2 Summary of main areas of increase and decrease 17
Table 3 Proposed budget estimates by function and estimated income to the budget 18
Table 4 Regular resources posts by location 18

LIST OF FIGURES

Figure 1 Contributions by funding category, 2000-2001 to 2010-2011 9
Figure 2 Use of total resources, 2010-2011 11

LIST OF SUMMARY TABLES

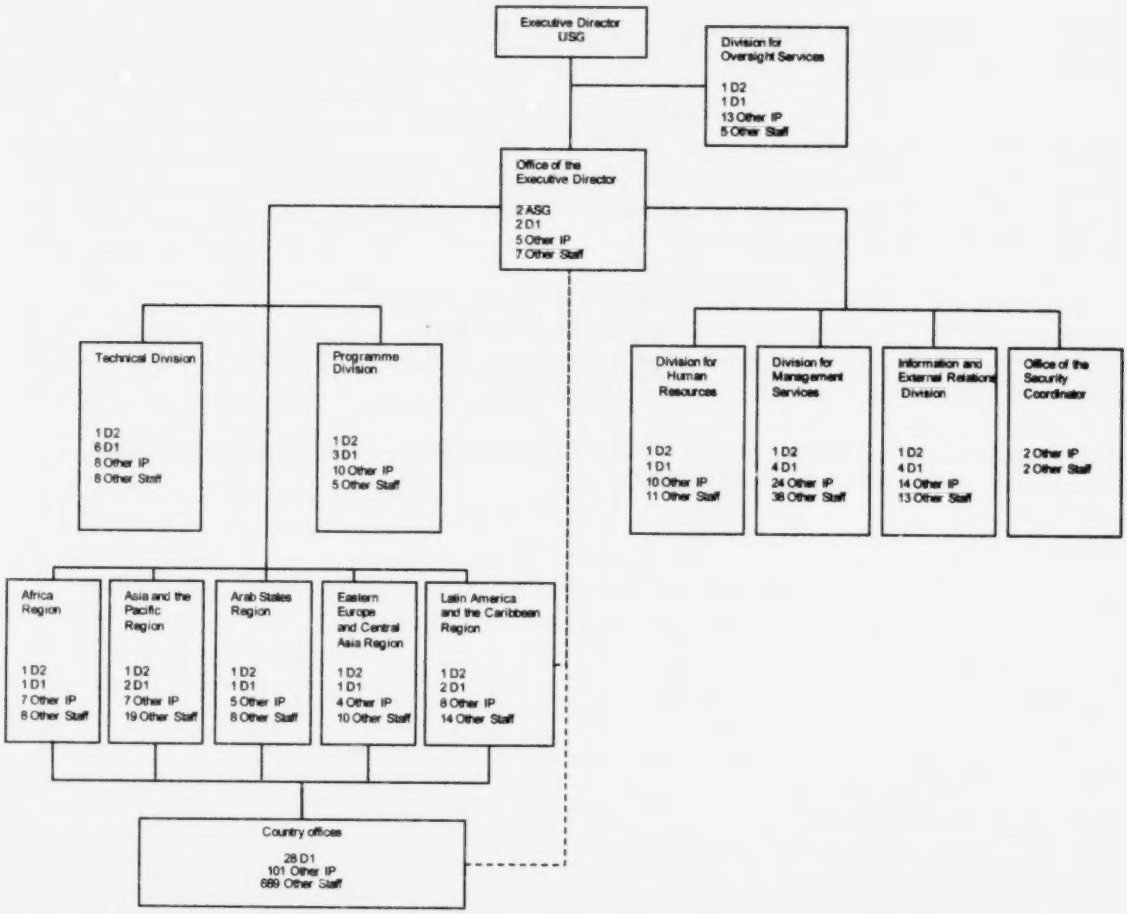
Summary table 1 Regional resource plan 35
Summary table 2 Proposed changes in senior posts 36
Summary table 3 Budget estimates by expenditure category 36
Summary table 4 Posts by location 37

LIST OF SUPPLEMENTARY TABLES

Supplementary table I: Proposed 2010-2011 new and abolished posts 15
Supplementary table II: Biennial support budget post changes, 2000-2001 to 2010-2011 19
Supplementary table III: Comparison of security requirements 32

Tables 1-4, figures 1-2 and summary tables 1-4 follow the harmonized, results-based budget format. Supplementary tables I-III are specific to UNFPA.

I. UNFPA organizational chart
Posts funded through the biennial support budget



II. Executive summary

1. The Executive Director, UNFPA, is pleased to submit the estimates for the biennial support budget, 2010-2011, in the amount of $274.5 million (gross) and $236.3 million (net). UNFPA proposes a moderate 2010-2011 budget without major changes, compared to the previous biennium, and with efficiency gains, while maintaining the necessary capacity for programme delivery in a challenging and complex environment.

2. The total income, including interest and miscellaneous income, is expected to increase from the originally estimated $1,263 million in 2008-2009 biennium to $1,400 million in the 2010-2011 biennium, an increase of 10.8 per cent. Total income consists of $950 million in regular resources (an increase of 10.1 per cent) and $450 million in other resources (an increase of 12.5 per cent). UNFPA bases the total income estimate for the 2010-2011 biennium on the latest 2008-2009 income estimates and pledges ($1,446 million for 2008-2009). These income estimates and pledges are $183 million (14.5 per cent) higher than the amount envisaged at the time the budget proposal for 2008-2009 was prepared ($1,263 million). Thus, compared to the current 2008-2009 total income estimate of $1,446 million, the 2010-2011 total income estimate of $1,400 million is $46 million lower.

3. While developing the 2010-2011 budget proposal, UNFPA employed the following principles:

(a) Use of realistic income estimates, taking into account actual performance and global economic uncertainties;

(b) Expansion of resources available to the programme, despite statutory cost increases;

(c) Negative real growth of the budget, notwithstanding increased demands for management excellence in the areas of oversight and accountability, management for results, harmonization and simplification, as well as support to programmes;

(d) Achievement of efficiency gains where possible, without negatively affecting the delivery of programmes;

(e) Greater focus on field requirements versus headquarters requirements;

(f) Continuing leverage for the use of common and shared services, both at headquarters and in the field;

(g) Strengthening links and further aligning the strategic plan management results framework with the 16 budget functions and the results in the budget;

(h) Further harmonization with UNDP and the United Nations Children's Fund (UNICEF) in the areas of results-based budgeting and simplified allocation of budgets to functions, as well as the formulation of common results.

4. The overall ratio of gross budget to total income decreased from 20.6 per cent in 2008-2009 to 19.6 per cent in 2010-2011. UNFPA is committed to channelling a larger proportion of total available resources to programme implementation. Regular resources available for programme implementation increased from $632.3 million in 2008-2009 to $692.7 million in 2010-2011, or 9.5 per cent. Combined with other resources, total resources available for programme implementation increased from $1,038.4 million to $1,190.9 million, or 14.7 per cent.

5. The increase in the proposed 2010-2011 gross budget appropriations is $14.7 million, or 5.7 per cent over 2008-2009, compared to a 24.3 per cent increase in 2008-2009 over 2006-2007. The proposed increase consists of $19.6 million or 7.6 per cent statutory cost increases, primarily due to salary revisions, within-grade salary increments and other post entitlements, as well as operating cost increases resulting from inflationary and currency adjustments. UNFPA is conscious of the need to ensure efficient operations and reduce costs, and made reductions in various areas to partially offset the statutory cost increases. These volume decreases are $4.9 million, or 1.9 per cent, and are detailed below. Thus, UNFPA proposes a negative real growth in the budget proposal for 2010-2011.

6. The 2010-2011 budget proposal reflects a consolidation of the organizational structure approved in the 2008-2009 biennium, with minimal changes to approved posts. It incorporates efficiency gains that UNFPA identified in several areas, in response to Executive Board decision 2008/6 on the estimates for the UNFPA biennial support budget, 2008-2009.

7. While the 2008-2009 budget proposal included partial costing for the new UNFPA organizational structure, the current budget proposal includes the full impact of the new structure that was approved and implemented during 2008-2009 (net $3.2 million). UNFPA has proposed minimal changes in posts ($1.5 million), mainly resulting from General Assembly resolution 63/250 on human resources management, including contractual reform for United Nations staff. UNFPA must also absorb the increases ($0.5 million) stemming from General Assembly resolutions 62/228 and 63/253 on the administration of justice at the United Nations. The increase in other reimbursements ($0.5 million) is for outsourced payroll costs, as well as vendor management and treasury services. The above increases are offset by proposed reductions in consultancy costs ($1.1 million), other post cost reductions ($2.2 million) and reimbursements ($0.9 million). In addition, UNFPA has identified efficiency gains in several areas, which result in proposed decreases of $6.4 million. Thus, the total volume changes result in a reduction of net $4.9 million.

8. UNFPA has developed the budget using the results-based budgeting methodology, whereby the resources under each budget function are expected to achieve defined results. These results are in accordance with UNFPA commitments in the management results framework of the UNFPA strategic plan, 2008-2013. The results and indicators articulated in this document are representative of the key 'deliverables' under each budget function and do not necessarily include all the activities and achievements expected under each budget function.

9. UNFPA will present this budget proposal to the Advisory Committee on Administrative and Budgetary Questions, whose report will appear in document DP/FPA/2009/11.

III. Strategic and financial context of the biennial support budget, 2010-2011

A. Strategic framework

10. The UNFPA strategic plan (DP/FPA/2007/17), which the Executive Board endorsed in decision 2007/40, provides the framework for UNFPA programming, management and accountability for the period 2008-2011. In decision 2009/16, the Executive Board extended the UNFPA strategic plan through 2013. The plan provides the strategic direction to guide UNFPA support to programme countries to achieve their nationally owned development objectives in the three interrelated focus areas of population and development, reproductive health and rights, and gender equality. The UNFPA strategic plan supports national ownership, national leadership and capacity development, as well as advocacy and multisectoral partnership development to promote the centrality of the agenda of the International Conference on Population and Development (ICPD). The strategic direction that guides UNFPA with regard to results-based management, United Nations reform, knowledge sharing, and resource mobilization for population and reproductive health programming also guides the biennial support budget.

11. UNFPA has designed the management results framework of the strategic plan to enable the organization to effectively deliver programme outputs at global, regional and country levels. The strategic plan identifies nine management outputs in the management results framework and 13 outcomes in the development results framework. The management results framework supports the development results framework by strengthening the ability of UNFPA to manage its financial and human resources and to effectively use planning, monitoring, reporting and knowledge-sharing systems to deliver its programmes.

The biennial support budget therefore provides the necessary foundation that enables the management results framework to achieve planned development results.

12. UNFPA, using the results-based budgeting methodology, has used the nine management outputs in its strategic plan as the framework to develop the results in this document. The nine management outputs in the UNFPA strategic plan, 2008-2013, are:

Output 1:	Increased results-based management effectiveness and efficiency
Output 2:	Ensured results-oriented, high-quality UNFPA programme delivery at country, regional and global levels
Output 3:	UNFPA maintains motivated and capable staff
Output 4:	Effective partnerships that protect and advance the ICPD agenda to be maintained and expanded
Output 5:	Ensured leadership role of UNFPA and active participation in United Nations reform
Output 6:	Improved accountability for achieving results at all levels
Output 7:	Ensured sustainable resources for UNFPA
Output 8:	Improved stewardship of resources under UNFPA management
Output 9:	UNFPA will have become a stronger field-focused organization

13. Due to space constraints, the nine management outputs will be referred to by their numbers in subsequent sections of this document. The management outputs have identified indicators, baselines and targets. The outputs reach beyond internal management issues and include the core functions that UNFPA will engage in to maintain and expand its capacity to advance the ICPD Programme of Action and support the achievement of the development outcomes in the strategic plan. These management outputs will enable UNFPA to effectively deliver programme outputs at global, regional and country levels.

Streamlining and alignment

14. In order to link the budget and the management results framework of the strategic plan, UNFPA has presented the budget using 16 budget functions. The 16 budget functions follow a harmonized definition agreed by UNDP, UNFPA and UNICEF. As per Executive Board decision 2008/6, in which the Board encouraged UNFPA to collaborate with other United Nations funds and programmes to harmonize approaches to results-based management, this document includes 16 common results, one under each budget function, which have been harmonized with those of UNDP and UNICEF.

15. In the context of Executive Board decision 2009/3 on the report of the Administrator of UNDP and the Executive Director of UNFPA to the Economic and Social Council, and the recommendation of the Board to achieve efficiency and effectiveness in reporting practices, as well as UNFPA lessons learned from the implementation of the results-based budget, 2008-2009, UNFPA has endeavoured to further align the management results framework of the strategic plan to the 16 budget functions. UNFPA is monitoring the outputs and indicators of all UNFPA divisions and units through its on-line office management plan. The office management plan outputs are linked to the nine management outputs in the strategic plan. However, only the key results from the strategic plan and office management plans have been included in this document. Thus, the results do not reflect all the activities and achievements expected under each budget function.

Accountability

16. The accountability for the delivery of the nine management outputs, annual office management plan outputs and indicators lies with the directors and managers of the respective divisions and units. The detailed description of accountability is provided in the UNFPA accountability framework (DP/FPA/2007/20).

Process: building on lessons learned

17. All UNFPA divisions and field offices were involved in developing the budget. UNFPA took into account the feedback and experiences of the last cycle. One of the key lessons learned was the need to harmonize and streamline budget results and indicators with those in the management results framework of the strategic plan and to simplify monitoring. This will be done by integrating the budget results and indicators into the office management plans, as part of the annual reporting process. UNFPA worked with UNDP and UNICEF to develop common results in each budget function area. Results-based management has helped UNFPA bring greater focus on the management results framework and the development results framework. While the allocation of financial resources driven by results continues to be a challenge, UNFPA seeks to demonstrate improvement in this area by aligning the results in the budget proposal with the results framework of its strategic plan.

Monitoring and reporting

18. As part of the annual reporting process, UNFPA will monitor progress on the indicators through on-line office management plans. It will articulate definitions of the indicators, unit responsibilities and measurement strategy by providing organizational guidance for strengthened performance management. UNFPA will report on the results in this budget document in the context of the nine management outputs, as part of the strategic plan reporting requirements. In order to simplify reporting and to promote integrated planning and the monitoring of results, UNFPA does not envisage separate reporting on the results associated with the 16 budget functions. UNFPA will continue to examine the lessons learned from implementing the results-based budget and will use them to develop the results framework for the next biennium.

B. Financial framework

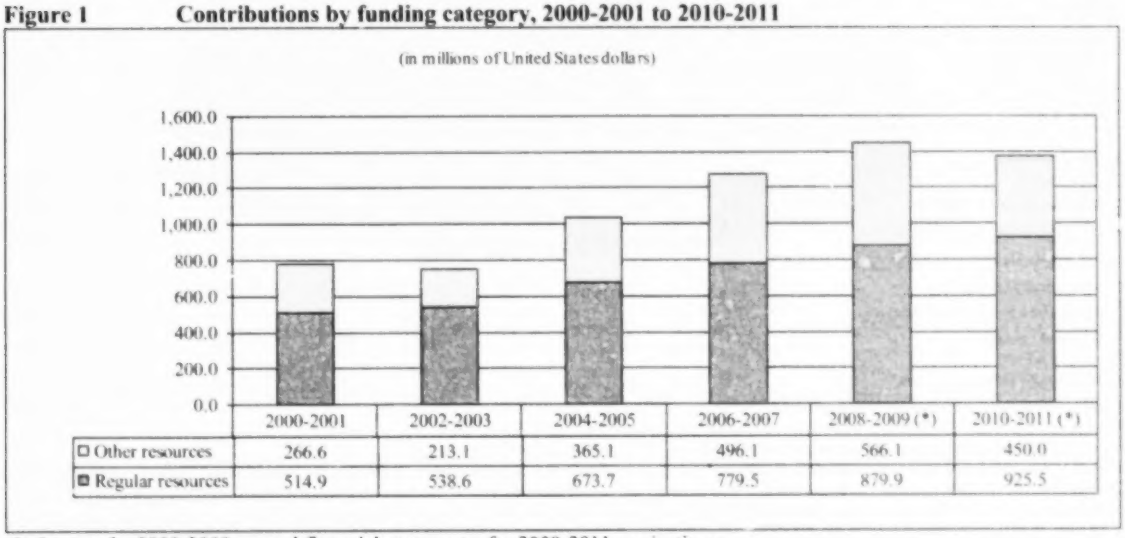
19. In view of the importance of continued investment in the social sector, UNFPA relies more than ever on all Member States to continue to support the foundation of its work – the country programmes. UNFPA has benefited from substantial increases from its major donors for the 2008-2009 biennium; this income level in national currency terms is expected to remain at the same level for the 2010-2011 biennium. However, of particular concern is the current volatility of exchange rates, which may result in a decrease in the United States dollar equivalent, and the current economic downturn. The preparation of the 2010-2011 budget takes place during a period of global economic uncertainty. As a result, UNFPA has sought to achieve efficiencies and to prioritize funding for programmes. Income projections for regular resources include known donor pledges; income projections for other resources reflect a conservative estimate compared to actual realized income. It should be noted that of the 19 top donors contributing $1 million and over, seven of these donors – Australia, Belgium, Ireland, the Netherlands, New Zealand, Norway and the United Kingdom – have submitted multi-year pledges for the original duration (2008-2011) of the strategic plan. The projections for 2009-2011 include a contribution from a returning donor to UNFPA, the United States of America.

20. Total income is expected to increase from $1,263 million estimated at the time of the preparation of the 2008-2009 budget, to $1,400 million in the 2010-2011 biennium, an increase of 10.8 per cent. Total income consists of $950 million in regular resources (an increase of 10.1 per cent) and $450 million in other resources (an increase of 12.5 per cent). The projection for regular resources consists of $925.5 million from donor contributions and $24.5 million from interest, miscellaneous income and adjustments of refunds to staff for income tax levied by Member States.

21. The projections are based on recent 2008-2009 income trends, as presented in figure 1, which illustrates contribution income trends for regular and other resources ($1,446 million for 2008-2009). The

latest income levels are $183 million (14.5 per cent) higher than what was estimated at the time the budget proposal for 2008-2009 was prepared ($1,263 million). Thus, compared to the current 2008-2009 income estimate of $1,446 million, the 2010-2011 total income estimate of $1,400 million is $46 million lower. Income projections for the next biennium are in line with the latest income projections available for 2009 and known contributions from donors.

Figure 1 Contributions by funding category, 2000-2001 to 2010-2011



	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009 (*)	2010-2011 (*)
Other resources	266.6	213.1	365.1	496.1	566.1	450.0
Regular resources	514.9	538.6	673.7	779.5	879.9	925.5

(*) Source: for 2000-2008, annual financial statements; for 2009-2011, projections
Note: Figures for regular resources income reflect adjustments of refunds to staff for income tax levied by Member States.

22. The income estimates, as well as the proposed breakdown of the use of resources, are provided in table 1 below. UNFPA has adjusted the opening balance for the 2008-2009 biennium resource plan to reflect the closing balances as per the 2006-2007 biennium financial statements.

Table 1 Resource plan

(in millions of United States dollars)

1. Resources available	2008-2009				2010-2011			
	Regular resources	Additional resources	Total resources	% of total	Regular resources	Additional resources	Total resources	% of total
Opening Balance a/	51.8	227.0	278.7		8.9	196.9	205.7	
Income								
Contribution	849.0	400.0	1,249.0		925.5	450.0	1,375.5	
Other b/	14.0		14.0		24.5	0.0	24.5	
Total	863.0	400.0	1,263.0		950.0	450.0	1,400.0	
Total available	914.8	627.0	1,541.7		958.9	646.9	1,605.7	
2. Use of resources								
A. Programmes	632.3	406.1	1,038.4	77.7%	692.7	498.2	1,190.9	80.3%
B. Biennial support budget	235.8	24.0	259.8	19.4%	236.3	38.3	274.5	18.5%
C. Atlas and IPSAS development*	6.0	0.0	6.0	0.5%	5.7	0.0	5.7	0.4%
D. Security reserve c/	7.4	0.0	7.4	0.6%	5.8	0.0	5.8	0.4%
E. Headquarters relocation	0.0	0.0	0.0		5.9	0.0	5.9	0.4%
F. Reorganization (one-time costs) d/	24.4	0.0	24.4	1.8%	0.0	0.0	0.0	0.0%
Total use of resources (A+B+C+D+E+F)	905.9	430.1	1,336.0	100.0%	946.4	536.5	1,482.8	100.0%
3. Balance of resources (1-2) e/	8.9	196.9	205.7		12.5	110.4	122.9	

* International public sector accounting standards

a/ opening balance for 2008-2009 biennium has been revised as per financial statements for the 2006-2007 biennium

b/ includes interest and miscellaneous income, as well as accounting linkage to offset tax reimbursements

c/ Total provision for security reserve is adjusted for 2008-2009 to include $2.4 million proposed in the estimates for the biennial support budget, 2008-2009 (DP/FPA/2008/1), as well as $5 million proposed in additional United Nations-mandated security measures required for UNFPA personnel and premises (DP/FPA/2008/CRP.1); thus the total of $7.4 million is shown, in accordance with Executive Board decision 2008/6

d/ The total provision for the one-time costs of reorganization has been reduced for the 2008-2009 biennium by $4 million, compared to the $28.4 million approved by the Executive Board in decision 2008/6. The reduction reflects the estimated savings from the Board-approved provision, which will not be utilized during the 2008-2009 biennium.

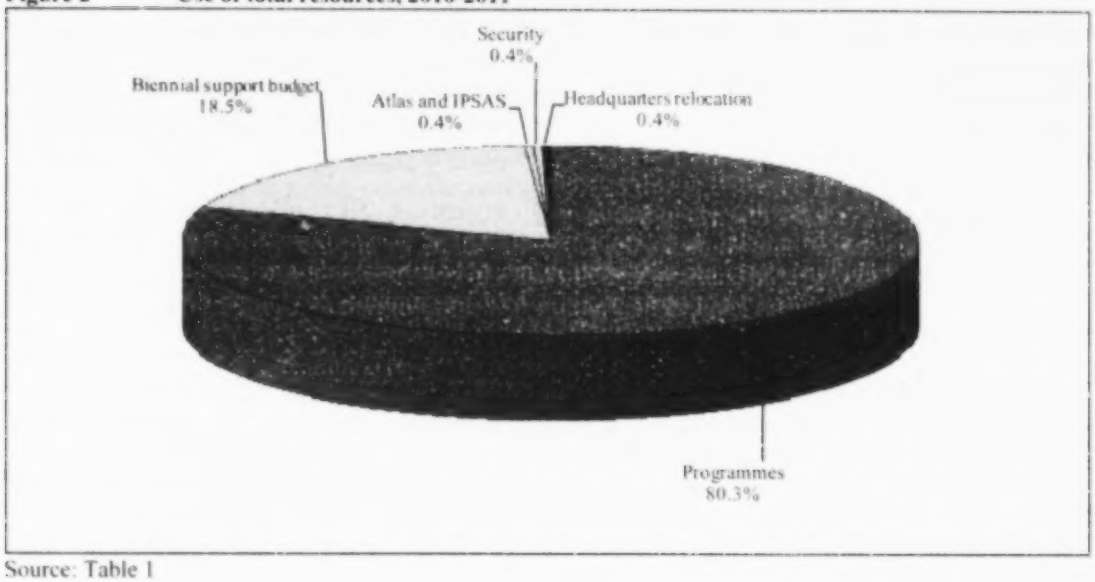
e/ includes the addition to the operational reserve

Note: Figures in this table and in other tables in this document are rounded to the closest decimal; therefore, they may not add up.

23. The proposed use of resources from table 1 is illustrated in figure 2. UNFPA continues to ensure that an increasing proportion of its total available resources is channelled to programme implementation. For 2010-2011, $1,190.9 million (80.3 per cent) will be allocated to programmes, compared to $1,038.4 million (77.7 per cent) in 2008-2009. This represents an increase of $152.5 million in dollar terms, or 14.7 per cent. The regular resources available for programme implementation increased from $632.3 million in 2008-2009 to $692.7 million in 2010-2011, an increase of $60.4 million, or 9.5 per cent. The other resources available for programme implementation increased from $406.1 million in 2008-2009 to $498.2 million in 2010-2011, an increase of $92.1 million, or 22.7 per cent.

24. The 2010-2011 budget proposal is $274.5 million (gross) or $236.3 million (net). The overall ratio of gross budget to total income decreased from 20.6 per cent in 2008-2009 to 19.6 per cent in 2010-2011. The proportionate share of the budget to the total use of resources decreased from 19.4 per cent to 18.5 per cent.

Figure 2 **Use of total resources, 2010-2011**



Source: Table 1

Enterprise resource planning system and the international public sector accounting standards

25. In addition to the biennial support budget appropriation, UNFPA proposes to set aside a net amount of $5.7 million, or 0.4 per cent of the total use of resources, for continuing development and implementation of the enterprise resource planning system, known as Atlas, and for the international public sector accounting standards (IPSAS).

26. Atlas development requirements are $4.2 million and are related to the development of programme management ($0.6 million), learning management ($0.2 million), and enhanced reporting tools ($0.5 million), as well as further development of financial systems and human resources systems. These requirements include programming and systems development, developing training materials and associated quality assurance controls ($2.9 million). Taking into account the estimated existing amount of $1.3 million available for Atlas development at the end of 2009, the net additional requirement proposed for 2010-2011 is $2.9 million ($4.2 million less $1.3 million). The recurring costs associated with Atlas production running costs, such as hosting, maintenance and licensing, are included in the biennial support budget.

27. UNFPA will follow a phased approach in adopting the IPSAS standards and will be fully compliant with IPSAS by the end of 2012. UNFPA will minimize the burden on country offices by shifting the income recording process from the field to headquarters, at least on a temporary basis. The 2010-2011 IPSAS adoption requirements are $3.7 million and include:

(a) IPSAS preparation costs. These costs include $2.4 million for the existing IPSAS project team, which consists of two posts and their associated operating costs, as well as one new post. In addition, the IPSAS preparation costs include the costs of two programmers for six months in 2010, to fund the additional workload resulting from the phased approach. In 2011, costs also include UNFPA cost-sharing for Atlas services, reports development to support the adoption of IPSAS, and development costs of the Atlas inventory module required to adopt the IPSAS inventory standard;

(b) IPSAS implementation costs. These costs include $1.3 million for five posts in 2010 and one additional post in 2011. Four of these posts will perform the UNFPA-wide function of managing all donor agreements as prescribed by the IPSAS revenue recognition policy. This function will ensure data quality and reliability; absorbing it at headquarters will avoid additional workload at the field level. The two remaining posts will perform additional accounting functions resulting from the adoption of some IPSAS standards in 2010.

28. Taking into account the estimated existing amount of $0.9 million available for the implementation of IPSAS at the end of 2009, the net additional requirement proposed for 2010-2011 is $2.8 million ($3.7 million less $0.9 million).

Security reserve

29. UNFPA proposes to set aside $5.8 million for the security reserve, to cover the UNFPA share of mandated security costs. UNFPA established the security reserve in September 2004, after the adoption of Executive Board decision 2004/27, and replenished it in subsequent bienniums ($4.7 million in 2006-2007 and $2.4 million in 2008-2009). In decision 2008/6, the Executive Board approved $5 million for additional United Nations-mandated security measures required for UNFPA personnel and premises (DP/FPA/2008/CRP.1). Therefore, the resource plan in table 1 reflects a total of $7.4 million approved during the 2008-2009 biennium for the security reserve.

30. The 2010-2011 security reserve requirements total $10.6 million. They are commensurate with maintaining UNFPA security compliance and meeting the demands for security resources. The main components are the UNFPA-apportioned share of the United Nations Department of Safety and Security costs ($5.7 million) and investments necessary to ensure compliance with minimum operating security standards in field offices and headquarters, as well as with minimum operating residential security standards ($4.1 million). Because of the changing security environment, UNFPA has had to adjust its security capacity by providing a field-focused approach to respond to the needs of regional, subregional and country offices. UNFPA established two additional security adviser posts – one in headquarters and one in the Arab States region. These posts will provide additional global and regional coverage as well as surge capacity, should additional support be required in any country or region. The costs for the two posts are included in the security reserve ($0.8 million). Recurring security costs are included in the biennial support budget. Taking into account the estimated existing amount of $4.8 million available for the security reserve at the end of 2009, the net additional requirement proposed for 2010-2011 is $5.8 million ($10.6 million less $4.8 million).

Headquarters relocation

31. The UNFPA resource plan includes a proposal to set aside $5.9 million for the relocation of its headquarters premises. The UNFPA lease for its headquarters premises at the Daily News building expires on 31 December 2010. Under the terms of the lease, UNFPA does not have an option to extend the present lease or to renegotiate a new lease, which would include all floors currently occupied by UNFPA. The landlord has promised a number of floors, which include approximately 60 per cent of current UNFPA office space, to another tenant, under a master lease agreement.

32. UNFPA engaged the services of a real estate consultant company to assist in identifying a suitable location for its future headquarters premises. UNFPA is analysing and vetting numerous locations that would be suitable for future premises in the general vicinity of the United Nations. For every location deemed suitable, UNFPA will undertake a detailed cost-benefit analysis covering items such as security, cost, practicality and suitability.

33. The proposed amount of $5.9 million is a one-time proposal, associated with the costs of setting up the new headquarters premises and moving from the existing location. Adjustments will be required for the premises that will house the new headquarters, in order to make it suitable for UNFPA operations. Based on visits to over 15 locations, UNFPA will be required to undertake corrective action in the layout of the premises, including: (a) the installation of electric power upgrades, energy efficient lighting and switches ($0.85 million); (b) painting and carpeting ($1.35 million); (c) information technology services, including fibre optics data and voice connectivity and upgrades ($1.85 million); (d) furnishings ($0.66 million); (e) staff relocation and set-up costs ($0.2 million); (f) modification of existing and new premises ($0.14 million); (g) architectural and engineering services, and New York City permits to comply with local and state laws ($0.35 million); and (h) controlled access and security arrangements, as well as miscellaneous work needed to make the location suitable as UNFPA headquarters premises ($0.49 million).

34. The estimated cost may vary significantly from location to location, even for locations in close proximity to one another. Therefore, UNFPA used accepted industry standards and practices as the basis for the cost estimates. The associated recurring costs of the new premises, reflecting current prevailing New York City real estate market conditions, are incorporated in the biennial support budget estimates.

One-time costs of reorganization

35. In decision 2008/6, the Executive Board approved $28.4 million for the one-time costs of the new UNFPA organizational structure. The reorganization is proceeding in accordance with document DP/FPA/2007/16 and its corrigendum (DP/FPA/2007/16/Corr.1), and as approved by the Executive Board in decision 2007/43 on the review of the organizational structure of UNFPA.

36. In 2008, UNFPA established its regional and subregional offices, as well as the Technical Division and the Programme Division. The Latin America and the Caribbean regional office in Panama City, Panama; the Africa regional office in Johannesburg, South Africa; and the Asia and the Pacific regional office in Bangkok, Thailand, are functioning from their respective regions. The Arab States regional office, and the Eastern Europe and Central Asia regional and subregional offices, are partially operating from headquarters. They will be fully operational from Cairo, Egypt (Arab States regional office), Bratislava, Slovakia (Eastern Europe and Central Asia regional office) and Almaty, Kazakhstan (Eastern Europe and Central Asia subregional office) by the end of 2009. Some offices are operating from temporary premises, due to unforeseen circumstances related to the availability of premises. With the exception of the Asia and the Pacific regional office, and the subregional office for Southern and Western Asia in Kathmandu, Nepal, UNFPA will relocate offices operating from temporary premises to final premises by the end of 2009. At the time of writing this document, UNFPA expects that the final premises for the Arab States regional office and the subregional office for Western Africa in Dakar, Senegal, will be ready by the end of 2009. However, since the set-up of the premises depends on circumstances beyond UNFPA control, it may be necessary to extend the timeframe into 2010. In either case, UNFPA will not exceed the approved one-time cost levels.

37. UNFPA achieved a savings of $4 million from the $28.4 million one-time costs of reorganization authorized by the Executive Board. The savings are primarily in the area of human resources, associated with lower estimated costs for staff terminations. Therefore, UNFPA proposes to reduce the approved amount for the one-time costs of reorganization to $24.4 million. This is reflected in the resource plan in table 1, in the 2008-2009 section. In addition, the following factors may make it necessary to carry over a corresponding amount of the existing one-time cost levels to 2010: (a) delays in setting up the final premises for the Asia and the Pacific regional office, the subregional office for Southern and Western Asia, and possibly the Arab States regional office and the subregional office for Western Africa; and (b) contractual obligations related to the set-up of premises and their renovation. Since this is not an

additional requirement, but the deferral of the use of existing approved levels, UNFPA did not include any additional one-time cost requirements for 2010-2011.

38. In accordance with Executive Board decisions 2008/6 and 2007/43 on funding the one-time costs of the organizational structure, UNFPA withheld $11 million from the projected annual additions to its operational reserve during 2007 and 2008. In 2008, UNFPA replenished approximately $6 million to the operational reserve; in 2009, UNFPA will replenish the remaining amount, so that by the end of 2009 the operational reserve will be fully restored.

Income to the budget

39. In accordance with the revised, harmonized budget format, the estimated amount of indirect cost recovery is presented under the additional resources column in table 1. In preparing the budget proposal, UNFPA took into account Executive Board decision 2007/15 on the review of the UNFPA policy on indirect cost recovery. Total expected programme delivery in the 2010-2011 biennium formed the basis for the gross budget proposal of $274.5 million. The projected cost recovery is $31.8 million and is credited to the budget. In addition, income tax reimbursed to nationals of one Member State is credited to the budget; the estimated amount is $6.5 million.

40. Procurement services to third parties are administered separately from regular resources. Based on the current projections of the total volume of third-party procurement services in 2010-2011, UNFPA estimates that the total generated income will be approximately $3 million, as in 2008-2009, and will be offset by direct costs and operating expenses related to procurement services.

IV. Proposals for the biennial support budget, 2010-2011

C. Summary of proposals

41. UNFPA proposes a moderate 2010-2011 gross biennial support budget, without major changes, compared to the previous biennium. The budget demonstrates the focus on efficiencies and savings. The increase in the proposed budget is $14.7 million, or 5.7 per cent, compared to the 24.3 per cent increase in the 2008-2009 biennium. The budget reflects statutory cost increases, beyond the control of UNFPA, of $19.6 million, or 7.6 per cent, partially offset by volume decreases of $4.9 million, or 1.9 per cent. The changes are summarized in table 2. The figures presented in table 2 and in all other tables are rounded to the closest decimal and thus may not add up. The major factors impacting the increase are described below.

42. Cost increases ($19.6 million, or a 7.6 per cent increase over the 2008-2009 budget) are primarily due to post costs, including salary-scale revisions, within-grade salary increments and other post entitlements determined by the International Civil Servants Commission, as well as after-service health insurance ($14.2 million). The remaining cost increases are due to operating cost adjustments resulting from inflationary and currency adjustments ($5.4 million).

43. UNFPA made reductions in various expenditure categories to absorb part of the statutory cost increases. The total amount of reductions is $4.9 million, or a 1.9 per cent decrease compared to the 2008-2009 budget. UNFPA therefore proposes a negative real growth in the budget estimates since it is absorbing part of the statutory cost increases with volume reductions. Most of the expenditure categories reflect volume decreases to fully or partially offset cost increases. This is evident in the cost categories for consultants, travel, furniture and equipment, and insurance and security. In response to Executive Board decision 2008/6, UNFPA included an additional summary table (summary table 3), which provides the

2010-2011 budget estimates by cost category for major objects of expenditure. Summary table 3 provides further information on the proposed cost and volume changes.

44. As described in paragraphs 35 to 37, UNFPA has been implementing the new regional structure during the 2008-2009 biennium. In 2010-2011, UNFPA expects to consolidate the new structure; therefore, no changes in the organizational structure are proposed for the next biennium. The higher recurring costs associated with the impact of the regional structure over the full biennium total a net increase of $3.2 million. This consists of a $6.1 million increase in field posts, offset by a $4.2 million decrease in headquarters posts. It also consists of a $1.9 million increase in field operating expenses, offset by a $0.6 million decrease in headquarters operating expenses. This is due to the costing of the approved regional structure for the full biennium in 2010-2011, compared to the partial biennium costing in 2008-2009. The headquarters posts that UNFPA abolished as a result of regionalization were partially costed for 2008-2009, using headquarters standard costs up to the presumed time of the move. The new posts in the regional and subregional offices were also partially costed, using location-specific standard costs as of the presumed time of the moves. UNFPA applied the same principle of partial costing, based on the estimated timelines, for the recurring operational costs of the regional and subregional offices. Since the new organizational structure will be fully established by the end of 2009, the next biennium provides for the full recurring costs for 24 months of the approved structure, offset by the reductions of the abolished headquarters posts and released office space. These volume increases and decreases are reflected in table 2, items III.a. (i)-(ii) and items III.b.(i)-(ii).

45. UNFPA proposes minimal changes to the existing approved posts for 2010-2011, consistent with the consolidation of the existing structure. It proposes the establishment of eight new posts and the abolishment of two posts, which results in six net additional posts. The proposed post changes are summarized in the table below.

Supplementary table I: Proposed 2010-2011 new and abolished posts

Region	Country/Unit	Proposed Action	Grade 2008-2009	Grade 2010-2011	Title	Number of Posts	Financial impact USD million
Africa	Ethiopia	Abolish	NOC		Operations Manager	(1)	(0.05)
		New Post		P3	International Operations Manager	1	0.34
	Regional office, Africa	New Post		G6	Security Associate	1	0.06
Arab States	Regional office, Arab States	New Post		G6	Security Associate	1	0.06
Asia and the Pacific	Bangladesh	Abolish	P3		International Operations Manager	(1)	(0.30)
		New Post		NOC	Operations Manager	1	0.14
Headquarters	Management Information Services	New Post		G7	ICT Associate	1	0.21
				P3	ICT Specialist	1	0.30
				P4	ICT Specialist	1	0.36
	Procurement Services	New Post		P3	ICT Specialist	1	0.35
Grand Total						**6**	**1.47**

46. Two new G 6 security associate posts in the field are the minimum required to strengthen security functions in the Arab States and Africa regions. In the 2008-2009 budget, the Executive Board approved the establishment of international operations managers in 17 country offices. For the 2010-2011 biennium, UNFPA proposes to maintain the established total number of international and national operations managers, and to transfer one international operations manger post from Bangladesh to Ethiopia. Four new posts in headquarters result from General Assembly resolution 63/250 on human resources management, including United Nations contractual reform and the required conversion of appointments of limited duration to fixed-term appointments, given that the functions performed are of a core and continuing nature. They relate to information technology support in server operating system administration, network technical support, and information technology security, as well as specialized information technology support in the procurement services functions in Copenhagen, Denmark.

47. Of a total of 1,125 posts, UNFPA proposes only 10 reclassifications (six upward and four downward). Five reclassifications are in headquarters (three upward and two downward) and five are in the field (three upward and two downward). Despite the fact that, in general, UNFPA staff remain a grade or more lower than their counterparts in partner organizations, UNFPA has exercised maximum restraint in the number of proposed reclassifications, in response to the request by the Executive Board. The financial impact of the proposed reclassifications is minimal, at $0.03 million.

48. The total increase for the above post changes is $1.5 million. The costs of four new headquarters posts stemming from United Nations contractual reform are offset by corresponding reductions in the consultancy provision ($1.1 million). Thus, the net impact of the proposed post changes is $0.4 million. These volume increases and decreases are reflected in table 2, items III.a.(iii) and items III.b.(iii).

49. UNFPA must absorb an increase of $0.5 million for its share of the new system for the administration of justice at the United Nations. The General Assembly approved the new system in resolutions 62/228 and 63/253. At the time of writing this document, the final UNFPA share for the 2010-2011 budget for the administration of justice is not known; the above amount is therefore an estimate based on the preliminary 2010-2011 cost estimates of the new administration of justice system. This volume increase is reflected in table 2, item III.a.(iv).

50. The volume increase also includes the higher costs of reimbursements for payroll services that UNFPA outsources to UNDP, based on previous billings and the increased number of posts approved in the 2008-2009 biennium. In addition, UNFPA included a provision for vendor management outsourcing costs as well as treasury solutions in certain country offices that require separate bank accounts for their operations. The total requirement is $0.5 million. At the same time, UNFPA identified decreases in the reimbursements related to recurring costs for Atlas production and travel services outsourced to UNDP ($0.9 million). These volume changes are reflected in table 2, items III.a.(v) and III.b.(v).

51. In response to Executive Board decision 2008/6, UNFPA made a conscious effort to reduce costs and has imposed on all its offices reductions totalling $6.4 million in efficiency gains. They are related to reductions in consultancy costs ($0.6 million), travel costs ($0.8 million), furniture and equipment ($0.7 million), other operating expenses ($3.2 million), and recurring insurance and security costs ($1.1 million). This volume decrease is reflected in table 2, item III.b.(iv).

52. UNFPA also proposes a reduction of $2.2 million in other post costs. They relate to: (a) the reduction in ongoing after-service health insurance payments for existing retirees, since UNFPA envisages that the after-service health insurance liability will be fully funded by the end of 2009, and the payments will thus be drawn from the reserve ($0.7 million); (b) the reduction in provisions for termination indemnities, based on previous spending trends ($0.3 million); and (c) the reduction in learning provisions resulting from the proportional sharing of learning costs for programmes and previous spending trends, as well as increased internet-based training programmes ($1.2 million). This volume decrease is reflected in table 2, item III.b.(vi).

Table 2 Summary of main areas of increase and decrease

(in millions of United States dollars)

		Total	% increase compared to 2008-2009 approved gross appropriation ($259.8 million)
I.	**2008-2009 net approved appropriation**	**235.8**	
II.	**Increases and decreases due to costs (inflation, currency and staff costs)**	**19.6**	**7.6%**
III. a.	**Increases due to volume**		
	(i) Full biennium cost of regionalized structure in the field - post costs	6.1	2.4%
	(ii) Full biennium cost of regionalized structure in the field - operational costs	1.9	0.7%
	(iii) Proposed post changes for 2010-2011 biennium	1.5	0.6%
	(iv) Reimbursements for United Nations jointly financed activities - administration of justice	0.5	0.2%
	(v) Reimbursements (payroll, vendor outsourcing and treasury)	0.5	0.2%
	Total increases due to volume	**10.5**	**4.0%**
b.	**Decreases due to volume**		
	(i) Full biennium reduction of headquarters structure - post costs	(4.2)	-1.6%
	(ii) Reduction in headquarters premises	(0.6)	-0.2%
	(iii) Reduction in consultancy costs (offset by additional post costs)	(1.1)	-0.4%
	(iv) Efficiency gains	(6.4)	-2.5%
	(v) Reimbursements (Atlas production and travel)	(0.9)	-0.3%
	(vi) Other post cost reductions	(2.2)	-0.8%
	Total decreases due to volume	**(15.4)**	**-5.9%**
IV.	**Net volume increases/(decreases) (III.a + III.b.)**	**(4.9)**	**-1.9%**
V.	**Net changes in estimated income to the biennial support budget**	**(14.3)**	**-5.5%**
VI.	**2010-2011 net appropriation estimates (I. + II. + IV. + V.)**	**236.3**	

53. Table 3 summarizes the budget proposal using 16 budget functions. In order to further harmonize with partner organizations, UNFPA revised the methodology for allocating funds by budget functions, making it simpler and more streamlined. The post costs of each headquarters unit were allocated to one budget function. For field offices, post types were associated with budget functions, and the corresponding costs were allocated accordingly. UNFPA distributed operational expenses based on the number of posts attributed to each budget function in the field and in headquarters, except in cases where the nature of the operating cost could be easily linked to a specific budget function. For purposes of comparison, the 2008-2009 functional cost allocation was restated, based on this methodology.

54. The cost increases described above affect all 16 budget functions. The full biennial costing of the new organizational structure, as explained in paragraph 44, primarily impacts functions 2, 3 and 4. The total increase in function 5 (8.7 per cent) is due to a higher than average increase in post costs in the relevant duty station. In all functions, the average cost increases are partially offset with volume decreases.

Table 3 Proposed budget estimates by function and estimated income to the budget

(in millions of United States dollars)

A. Biennial support budget functions	2008-2009 appropriations	Change Amount	Change %	2010-2011 estimates
1. Executive direction and leadership	7.9	0.2	1.9%	8.0
2. Representation and advancement of the core mandate	61.1	4.5	7.3%	65.6
3. Corporate policy and strategy development, planning and guidance	4.5	0.5	10.1%	4.9
4. Programme guidance, management and oversight	77.3	5.5	7.1%	82.8
5. Procurement and supply management	2.8	0.2	8.7%	3.1
6. Emergency management	1.3	0.0	3.4%	1.3
7. External relations and partnerships	6.4	0.3	5.0%	6.7
8. Internal and external communications: media and public relations	4.8	(0.0)	-0.4%	4.8
9. Resource mobilization and fund-raising	3.6	0.1	3.5%	3.7
10. Financial management	22.9	1.1	4.8%	24.0
11. Information and communications technology management	16.4	0.7	4.1%	17.1
12. General administrative management	16.7	0.9	5.2%	17.6
13. Human resources	15.4	0.3	1.7%	15.7
14. Audit and investigation	9.0	0.1	0.9%	9.1
15. Corporate evaluation	2.6	0.1	3.5%	2.7
16. Staff security	7.2	0.4	5.2%	7.6
Total gross resources	259.8	14.7	5.7%	274.5
B. Estimated income to the biennial support budget	(24.0)	(14.3)	59.5%	(38.3)
Total net resources (A+B)	235.8	0.5	0.2%	236.3

55. Table 4 provides an overview of posts. UNFPA proposes minimal changes to the posts compared to 2008-2009. Two additional posts are requested in the field offices, and four posts are requested in headquarters, as outlined in paragraph 46. UNFPA maintained the overall field-to-headquarters post ratio at approximately 82 per cent versus 18 per cent. Summary table 2 shows no changes in senior-level posts compared to 2008-2009. In addition, UNFPA included a new summary table (summary table 4) that provides detailed post information by location.

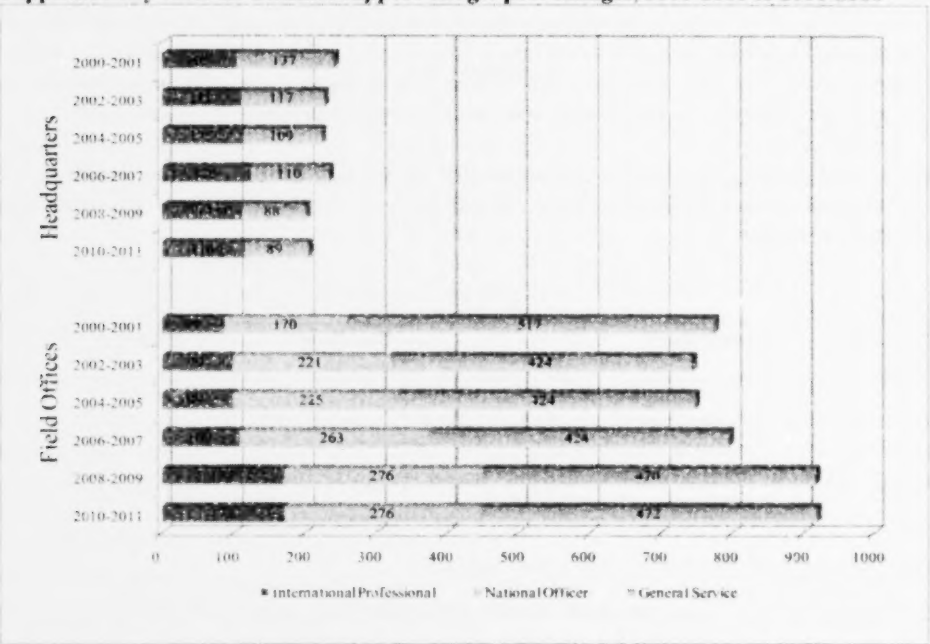
Table 4 Regular resources posts by location

	2008-2009 approved posts							Changes: increase and (decrease)						2010-2011 proposed posts						
	USG / ASG	D2	D1	Other IP	All other	Total	% of total	USG / ASG	D2	D1	Other IP	All other	Total	USG / ASG	D2	D1	Other IP	All other	Total	% of total
Field	0	5	35	132	746	**918**	82.0%	0	0	0	0	2	**2**	0	5	35	132	748	**920**	81.8%
Headquarters	3	6	21	83	88	**201**	18.0%	0	0	0	3	1	**4**	3	6	21	86	89	**205**	18.2%
Total	3	11	56	215	834	**1,119**	100.0%	0	0	0	3	3	**6**	3	11	56	218	837	**1,125**	100.0%

Note: IP = international professional

56. UNFPA continues to rely on local posts in its field office operations, both in the general service category and in the national professional category. This is evident in the table below (supplementary table II), which illustrates changes in posts in the field and in headquarters. In 2010-2011, of a total of 920 field posts, 748 posts, or 81.3 per cent, are local posts; 172 posts, or 18.7 per cent, are international professional posts.

Supplementary table II: Biennial support budget post changes, 2000-2001 to 2010-2011



D. Description of biennial support budget activities and resources by function

57. This section provides details of the 16 budget functions that support the delivery of the management outputs and the capacity of UNFPA to achieve planned development results. Each budget function includes a definition and a description, as well as the context for planned activities. Directors and other senior managers are accountable for the nine management outputs in the strategic plan. The organizational units that will deliver the stated results are identified in each budget function. In addition, the table for each budget function describes the management output that is being addressed, the key result that UNFPA will deliver, indicators that measure success, and the corresponding baselines and targets. Key results do not encompass all the results that UNFPA will deliver in the next biennium; rather, they represent a selection of priority results that support the achievement of the management outputs.

58. The results framework presented in this document is a crucial element of the overall results framework in the UNFPA strategic plan. In the 2010-2011 budget proposal, UNFPA has endeavoured to strengthen linkages with the strategic plan management results framework in all budget functions. The indicators that are part of the strategic plan management results framework are marked with an asterisk.

Function 1: Executive direction and leadership

59. Definition and description. The executive direction and leadership function defines the direction for the organization, based on the mandate and long-term vision of UNFPA, and provides effective leadership to the organization as a whole.

60. Issues and narrative. This function will continue to provide effective leadership based on the core mandate and strategic direction of UNFPA, while upholding the highest standards of accountability and ethics. The strategic direction focuses on supporting national ownership, national leadership and capacity development, as well as advocacy and multisectoral partnership development, to promote the centrality of

the ICPD agenda. During the 2010-2011 biennium, UNFPA will consolidate partnerships and make progress in implementing the ICPD agenda through a restructured and field-focused organization. Ethics forms an integral part of this function, in order to nurture a culture of integrity and accountability within the organization. During the 2010-2011 biennium, UNFPA will seek to increase staff awareness of the ethics function, with specific reference to its advisory and guidance role in preventing misconduct.

61. Accountability and funding levels. The accountability for the key activities below lies with the Office of the Executive Director and the Ethics Office. Funding levels for this function are $7.9 million in 2008-2009 and $8 million in 2010-2011.

62. Expected key results

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 4 Result: Effective corporate leadership and direction for the mandate and mission of UNFPA	* Percentage of survey respondents who consider UNFPA strong in advocacy support for poverty reduction and the Millennium Development Goals	65%	80%

Function 2: Representation and advancement of the core mandate

63. Definition and description. This function covers field activities related to representing the organization in order to advance the core UNFPA mandate and achieve programme goals.

64. Issues and narrative. During 2010-2011, UNFPA will continue to advance access to sexual and reproductive health, including family planning, maternal health and services to prevent HIV. Population and development dynamics and gender issues will continue to receive special attention. The regional offices will boost the role of UNFPA as a broker for partnerships among stakeholders in the regions. Country offices will be at the heart of regional office operations, and accountability will remain on top of the agenda. With 2009 marking the fifteenth anniversary of ICPD, the challenge will be to maintain the commitment and progress achieved and to develop the national, regional and subregional strategies necessary for the new political and development aid environment.

65. In a rapidly changing environment, accentuated by the global economic crisis and local crises in many parts of the world, UNFPA will focus on strengthening the capacity of country offices to scan the external environment, strengthen partnerships and mobilize additional resources. UNFPA will continue to emphasize strategic engagement in advocacy and strengthening ownership of the ICPD agenda at regional and country levels. UNFPA will devote special attention to strengthening the field contribution to United Nations reform.

66. Accountability and funding levels. The accountability for the key activities below lies with the directors of the regional offices and the UNFPA representatives in country offices. Funding levels for this function are $61.1 million in 2008-2009 and $65.6 million in 2010-2011.

67. Expected key results:

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 4 Result: Effective and enhanced contribution to national development plans and priorities to protect and advance the ICPD agenda	* Proportion of national development plans that incorporate population dynamics, reproductive health, including	86% of national development plans included reproductive health, including	90% of new and updated national development plans include

Strategic plan management outputs and key results	Indicators	Baselines	Target
	HIV/AIDS, and gender equality	HIV/AIDS	reproductive health, including HIV/AIDS
Output 9 Result: Broker effective partnerships with stakeholders in the field	* Percentage of respondents saying that UNFPA country offices have contributed significantly to improved cooperation with partners in the field	37% (multilateral organizations performance assessment survey)	50%

Function 3: Corporate policy and strategy development, planning and guidance

68. Definition and description. This function identifies the goals, policies and strategies of the organization to achieve corporate results. It includes strategic planning and results-based management activities based on coherent, evidence-based, substantive conceptual frameworks, which enable the organization to achieve corporate results. It also includes the monitoring and reporting of progress to achieve results.

69. Issues and narrative. UNFPA will continue its efforts to strengthen results-based management and complete its transition to an organization with an integrated approach to delivering programme and management results at all levels, while ensuring coherence and synergy. During the 2010-2011 biennium, UNFPA will further build the capacity of its staff in results-based management, including the development of strategic guidance for results-based programming. UNFPA will strengthen and streamline tools and systems to monitor the achievement of management plan outputs and annual work plans, to ensure more robust reporting and to utilize lessons learned. It will also develop corporate policy and strategic guidance in evidence-based programming and risk assessment, as well as programming guidance for middle income countries.

70. Accountability and funding levels. The accountability for the key activities below lies primarily with the Environmental Scanning and Planning Branch in the Programme Division. Funding levels for this function are $4.5 million in 2008-2009 and $4.9 million in 2010-2011.

71. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 1 Result: Continuous enhancement of results-based management in the organization and its work	* Milestones to build staff capacity in results-based management	Results-based management optimization initiated – assessment report and action plan	Results-based management training course for different levels of staff in place and 100% of managers trained

Function 4: Programme guidance, management and oversight

72. Definition and description. This function covers the development, approval and implementation of UNFPA programmes at country, regional and global levels. The activities undertaken within this function include technical programme guidance, oversight of country programmes and the global and regional programmes, and programme management of country operations. The function does not cover the operational management of the specific programmes; those costs are an integral part of the programmes themselves.

73. Issues and narrative. During the 2010-2011 biennium, this function will contribute to ensuring that country offices deliver high-quality, results-based programmes. UNFPA will provide technical leadership to advance and strengthen capacity of state-of-the-art substantive knowledge on population and reproductive health issues and to ensure that this knowledge is translated into strategies, policies and operational tools to support countries in integrating the ICPD Programme of Action into their development agendas.

74. The Technical Division, the regional offices and the subregional offices will collaborate in order to develop and implement quality-assurance mechanisms for the new technical assistance modality. These mechanisms include establishing a standard approach to assessing the capacity of selected regional institutions for the delivery of technical assistance; the development of systems to identify and map technical assistance needs; and the development of monitoring and evaluation systems for technical assistance delivery and capacity-building. UNFPA will supplement these efforts by assessing and updating thematic programmatic frameworks, on the basis of evaluations.

75. UNFPA will also strengthen the capacity of the regional offices, subregional offices and country offices in results-oriented, high-quality programming, emphasizing the effective application of a monitoring and evaluation policy in terms of the achievement of goals and results, programme delivery, and financial implementation.

76. UNFPA will establish standards and systems during the 2010-2011 biennium to strengthen the quality and effectiveness of country programming through knowledge-sharing. Based on feedback and an analysis of performance information from country, regional and global programmes, including from annual reporting processes and Atlas programme modules, UNFPA will translate lessons learned and experiences into strengthened quality assurance and monitoring and evaluation.

77. Accountability and funding levels. The accountability for the key activities below lies primarily with the country offices, the regional offices, the Programme Support and Regional Desks Branch in the Programme Division, and the Technical Division. Funding levels for this function are $77.3 million in 2008-2009 and $82.8 million in 2010-2011.

78. Expected key results

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 2 Result: Enhance the quality and effectiveness of UNFPA-supported programmes	Regular utilization of key performance indicator dashboards at country, regional and global levels	Atlas programme module launched	95% of country, regional and global programmes completing the Atlas programme module
Output 2 Result: Strengthen quality assurance and the monitoring and evaluation component in country, regional and global programmes	* Proportion of country, regional and global programmes with at least 75% of annual output targets achieved	51%	75%
Output 2 Result: Develop and implement quality-assurance mechanisms for the new technical assistance modality, including the capacity assessment of regional institutions and the monitoring	Number of regional institutions provided with capacity-building support for the delivery of high-quality technical assistance	0	10

Strategic plan management outputs and key results	Indicators	Baselines	Target
and evaluation of technical assistance delivery			
Output 2 Result: Strengthen the systems for knowledge-sharing across UNFPA	Number of staff utilizing the knowledge-sharing platform and the ability of external partners to access the platform	460 unique internal visitors per year No easy access for external partners	700 unique internal visitors per year Access readily available for external partners

Function 5: Procurement and supply management

79. Definition and description. This function covers the capacity of UNFPA in the supply and procurement areas to ensure value for money and to provide guidance and oversight for the procurement of goods and services. It includes efficient procurement in support of country programmes and building national capacity in procurement.

80. Issues and narrative. This function will continue to ensure the timely and effective procurement of goods and services to support UNFPA and its partner programmes. In order to accomplish this, UNFPA will maintain a cooperative working relationship, measured through an annual survey, between headquarters and field offices. Information from the survey monitors satisfaction levels of the internal customers of this function, and generates ideas for improvement, as well as training and tools for the effective and proper use of donor funds. Additional work that UNFPA will undertake in this area involves developing specifications and processes for the procurement cycle, to facilitate the timely delivery of high-quality goods and services to meet programme needs.

81. The provision of high-quality supplies in reproductive health is critical for the success of UNFPA programmes. UNFPA has therefore shifted its focus in recent years from the lowest price towards quality, stressing value for money, in conjunction with the World Health Organization and United Nations initiatives. Condoms and intrauterine devices form the basis for the pre-qualification scheme led by UNFPA. The scheme provides a list of pre-qualified suppliers for use by UNFPA, governments, non-governmental organizations (NGOs) and other buyers. Pre-qualification efforts involve education, inspection and capacity-building to provide reasonably priced goods with reliable quality. Following pre-qualification, the list of vendors is used for competitive bids in order to reduce overall prices while facilitating the development of supplier relationships with UNFPA.

82. Accountability and funding levels. The responsibility for the key activities below lies with the Procurement Branch in the Division for Management Services. Funding levels for this function are $2.8 million in 2008-2009 and $3.1 million in 2010-2011.

83. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 8 Result: Timely and effective procurement programme services and goods, consistent with existing regulations	Percentage of operating units satisfied with the timeliness and quality of procurement support	98% of units are satisfied or very satisfied with the timeliness and quality of procurement support	Maintain level of satisfaction at 98%
Output 2 Result: Establish, manage and maintain a quality-assured supply	Number of pre-qualified suppliers of intrauterine devices and condoms	Pre-qualified condom suppliers (22) and intrauterine device	26 pre-qualified condom suppliers and 10 pre-qualified

Strategic plan management outputs and key results	Indicators	Baselines	Target
base for reproductive health commodities for use by UNFPA and its partners		suppliers (8) at the end of 2008	intrauterine device suppliers. Existing suppliers re-qualified, as required.

Function 6: Emergency management

84. Definition and description. This function covers policies, strategies, guidelines, partnerships and capacity-building in UNFPA country offices for emergency preparedness, response and recovery programming. It also includes coordinating UNFPA involvement in United Nations humanitarian reform and related inter-agency frameworks.

85. Issues and narrative. UNFPA will continue to scale-up its internal response capacities and, in collaboration with humanitarian partners, ensure that emergency preparedness, response and recovery respond to the needs of vulnerable populations with regard to reproductive health, gender, and population and development, in the context of its institutional strategy. This approach will take into account emerging challenges such as climate change-related disasters, forced migration and chronic food insecurity.

86. Accountability and funding levels. The accountability for the key activities below lies with the Humanitarian Response Branch in the Programme Division. Funding levels for this function are $1.3 million in 2008-2009 and $1.3 million in 2010-2011.

87. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 2 Result: Ensure UNFPA response to humanitarian and post-crisis situations, consistent with the core mandate of UNFPA	Percentage of country offices reporting the implementation of the minimum initial service package for reproductive health in crisis and disaster situations	69%	75%

Function 7: External relations and partnerships

88. Definition and description. This function covers organization support to and relations with the Executive Board and other oversight bodies. It also involves building partnerships with civil society organizations, public and private sector organizations, and others. Through the use of advocacy and by positioning itself as a competent and effective development partner, UNFPA will reinforce support among Member States for the ICPD agenda. In order to contribute effectively to achieving the Millennium Development Goals, and in the context of United Nations reform, this function requires UNFPA to work closely with other United Nations system partners to 'deliver as one'.

89. Issues and narrative. Under this function, UNFPA will seek to strengthen existing partnerships and build new partnerships to reinforce support for the ICPD agenda. An important output will be to promote awareness among partners of the linkages between the ICPD agenda and the Millennium Development Goals, including the targets on maternal mortality and reproductive health. This will include representing UNFPA at key international meetings, and providing advice and guidance internally to ensure that UNFPA is able to understand the external environment and to respond effectively to it.

90. Accountability and funding levels. The accountability for the key activities below lies primarily with the Executive Board and External Relations Branch and the Geneva Liaison Office in the

Information and External Relations Division. Funding levels for this function are $6.4 million in 2008-2009 and $6.7 million in 2010-2011.

91. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 5 Result: Strengthen existing partnerships and build new partnerships with United Nations and other multilateral partners	* Number of active joint programmes with other United Nations organizations	143	180
Output 4 Result: Ensure that the centrality of the ICPD agenda is recognized, maintained and expanded	Percentage of relevant, adopted General Assembly resolutions on economic and social development that contain specific references to the linkages between the ICPD agenda and the Millennium Development Goals	76%	80%

Function 8: Internal and external communication: media and public relations

92. Definition and description. This function covers the efforts of the organization to make its mandate and accomplishments known to the global public in both donor and programme countries. This function provides a basis for programme activities, including advocacy for policies and programmes. UNFPA is committed to strengthening communication internally and with external stakeholders, including governments, donors, partner United Nations organizations, NGOs and the media. Strategic communication raises the profile of successful programmes at the country level; increases visibility and public understanding of the ICPD mandate and UNFPA work; generates funding; and promotes government support and ownership of programmes.

93. Issues and narrative. Key outputs under this function include engaging strategically with the media, engaging with target audiences through on-line platforms, and undertaking advocacy to create awareness of and generate support for the ICPD agenda and the work of UNFPA. This work will include engaging key stakeholders in issues related to reproductive health and population dynamics, thereby publicizing the efforts of the organization to make its mandate and accomplishments known to the global public in both donor and programme countries. The work will support the new UNFPA structure, strengthen the communications capacity of regional and country offices, and guide staff in their media and advocacy work to support country programmes.

94. Work under this function will also seek to improve internal communications among organizational units and within UNFPA. UNFPA will enhance internal policy dialogue to enable it to develop coherent responses to new and emerging issues such as ageing, migration, urbanization and climate change.

95. Accountability and funding levels. The accountability for the key activities below lies primarily with the Media and Communications Branch in the Information and External Relations Division. Funding levels for this function are $4.8 million in 2008-2009 and $4.8 million in 2010-2011.

96. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 1 Result: Enhance internal	Percentage of global staff survey respondents	69%	75%

Strategic plan management outputs and key results	Indicators	Baselines	Target
communication	satisfied with the information they receive about what is happening in UNFPA		
Output 4 Result: Promote ICPD and UNFPA through strategic engagement with the media and the general public through on-line platforms and advocacy	Number of stories in the mass media on population dynamics, reproductive health and ICPD that feature UNFPA	3,000 articles and stories in 2008	3% annual increase

Function 9: Resource mobilization and fund-raising

97. Definition and description. This function covers organization efforts to attract and leverage resources from donor and programme governments and NGOs, and through partnerships with other public and private organizations.

98. Issues and narrative. This function will seek to increase contributions to both core and non-core resources, in line with the targets established in the UNFPA strategic plan. In order to decrease reliance on a small number of donors for the majority of UNFPA income, UNFPA will seek to maintain the broad range of the UNFPA donor base and to increase contributions from countries that are not among the top donors to UNFPA.

99. In order to increase the flexibility and predictability of funding, UNFPA will continue to mobilize resources for its thematic funds, and will seek to increase the number of multi-year pledges. The Resource Mobilization Branch in the Information and External Relations Division will support regional and country offices in mobilizing additional resources for regional and country programmes, particularly in those programme priority areas that are common for groups of countries in a region. The Branch will also support country offices in resource mobilization and joint programme management issues and engage in inter-agency discussions on different funding mechanisms.

100. Accountability and funding levels. The accountability for the key activities below lies primarily with the Resource Mobilization Branch in the Information and External Relations Division. Funding levels for this function are $3.6 million in 2008-2009 and $3.7 million in 2010-2011.

101. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 7 Result: Resources are mobilized in line with the income projections of the UNFPA strategic plan, 2008-2013	*Percentage of strategic plan funding targets mobilized	50% of the strategic plan regular resources contribution targets projected for year-end 2009	100% achievement of the strategic plan target
Output 7 Result: Maintain the number of UNFPA donors contributing more than $1 million despite the global financial crisis	Number of donors contributing $1 million and above to core resources	19	19

Function 10: Financial management

102. Definition and description. This function includes establishing and maintaining systems of financial management and accountability; managing financial and other assets of UNFPA; supporting the allocation of programme and operating resources to optimize use of expected and/or available funds, based on strategic priorities (planning and budget); and managing and reporting on financial transactions involving the use of resources (accounting, payments, reporting, etc.).

103. Issues and narrative. The responsibility for financial propriety and expenditure control for a significant portion of UNFPA resources rests with the field offices, under the guidance and monitoring of the Finance Branch in the Division for Management Services. Accordingly, financial management at UNFPA is decentralized and performed in country offices, regional offices and subregional offices. The overall control environment is achieved through the UNFPA internal control framework, which is underpinned by the enterprise resource planning system.

104. During the 2010-2011 biennium, the financial management function will be responsible for overseeing the phased implementation of IPSAS in UNFPA, to enable it to become IPSAS-compliant by 2012. While the costs of the adoption of this initiative are budgeted outside the biennial support budget, UNFPA will ensure the implementation of the new standards within the overall financial management framework by the activities performed within this function.

105. Accountability and funding levels. The accountability for the key activities below lies with the Finance Branch in the Division for Management Services in headquarters, and finance associates and operations managers in UNFPA field offices. Funding levels for this function are $22.9 million in 2008-2009 and $24 million 2010-2011.

106. Expected key results

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 8 Result: Improved financial management procedures and systems	Significant progress towards full adoption of IPSAS	Adopted delivery principle	Full implementation of the IPSAS standards for revenue recognition and property, plant and equipment
Output 8 Result: Strengthened management of approved budgets for the effective utilization of resources	* Programme implementation rate for core and other resources by the end of the year	Core: 94.3% Other: 57%	Core: 90% to 95% Other: 65% to 70%

Function 11: Information and communications technology management

107 Definition and description. Information and communications technology management supports UNFPA operations worldwide. UNFPA achieves this by maintaining and supporting existing systems and infrastructure, and by developing and deploying new information and communications technology systems and infrastructure. These include the development of additional functions and the enhancement of existing functions in Atlas; the development of web-based systems outside Atlas that extend the reach of the UNFPA network and network-based services; the deployment of data security appliances and applications; and strengthening the web-based presence of UNFPA. UNFPA performs these services by procuring equipment, software or services, or by developing systems in UNFPA or with other United Nations partners.

108. Issues and narrative. This function provides all information technology support to the organization, including the procurement, installation, configuration and operation of information and communications technology-related hardware and software, and the development of new software to respond to the needs of the organization. UNFPA has adopted and used open source software wherever possible, in order to reduce the costs of acquisition, maintenance and enhancements. The development, configuration, customization and operation of Atlas is a major part of this function, which is undertaken in partnership with other United Nations organizations, including UNDP, the United Nations Office for Project Services (UNOPS), the United Nations Development Fund for Women, the United Nations Capital Development Fund and the United Nations University.

109. The function provides local and wide area network and other telecommunications solutions for UNFPA. This has become even more challenging with the establishment of the regional and subregional offices. In the area of applications, this function emphasizes the development of common applications that can be used by all locations in a harmonious manner. Therefore, UNFPA focuses only on web-based applications that require no support at country, regional and subregional levels.

110. Accountability and funding levels. The accountability for the key activities below lies primarily with the Management Information Services Branch in the Division for Management Services, as well as with the regional offices. Funding levels for this function are $16.4 million in 2008-2009 and $17.1 million in 2010-2011.

111. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 1 Result: Information and communications technology platform effectively supports and serves programmatic and management needs	Availability and uptime of corporate systems	Atlas: 97% due to upgrade maintenance window All other systems: 99%	Maintain Atlas at 97% due to upgrade maintenance window Maintain all other systems at 99%

Function 12: General administrative management

112. Definition and description. This function entails the provision of premises, facilities and support services (for headquarters, liaison offices, country offices, regional offices and subregional offices) that are functional, cost-effective and adequate. The function is also responsible for establishing administrative policies and procedures and ensuring their compliance.

113. Issues and narrative. In addition to managing facilities worldwide and providing a variety of administrative services, UNFPA will undertake two additional activities under this function during 2010-2011: the establishment of a new lease for UNFPA headquarters premises and the implementation of a new archives and records management system for the organization.

114. With regard to UNFPA headquarters premises, the current lease expires at the end of 2010. At this time, UNFPA does not have an option to renew the current lease, since this option is held by another tenant. This situation presents challenges and opportunities for UNFPA: the current real estate market offers more favourable lease terms than could have been envisaged in the recent past, and the organization can choose premises that are more eco-friendly and energy efficient. With regard to archives and records management, the new system will encompass and link with existing systems for e-mail and enterprise resource planning. It will enhance the management of information worldwide and contribute to the cohesiveness of UNFPA following its reorganization.

115. Accountability and funding levels. The accountability for the key activities below lies with the Facilities and Administrative Services Branch in the Division for Management Services, as well as with administrative associates and/or operations managers in the field offices. Funding levels for this function are $16.7 million in 2008-2009 and $17.6 million in 2010-2011.

116. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 1 Result: Improved administrative management procedures and system	Response time to service requests (maintain response time to service requests versus target)	3 business days	Maintain prompt response of 3 business days
Output 8 Result: Ensure efficient administration of assets and support services in country offices	Percentage of offices submitting annual letters of certification of assets by the end of January of the following year	80%	90%

Function 13: Human resources

117. Definition and description. This function involves recruiting qualified staff internally and externally to fill vacancies; deploying and rotating staff to support the programmes and objectives of the organization; training and educating staff to ensure that they possess the skills and competencies required for organizational functions; establishing and managing a system of performance review and evaluation that rewards personal and organizational performance and provides remediation for less-than-satisfactory performance; and providing counselling for staff for career development and grievances.

118. Issues and narrative. Taking into account the UNFPA reorganization, this function will ensure that posts at country, regional and headquarters levels are filled efficiently and effectively. UNFPA will maintain and further develop rosters, including special rosters to meet the demands for surge capacity. Under this function, UNFPA will implement the rotation exercise as well as programmes to ensure that young professionals are part of the UNFPA workforce, including the junior professional officer programme, the internship programme and the special youth programme. In collaboration with the United Nations Secretariat and other United Nations funds and programmes, this function will support and contribute to the implementation of the new staff rules and regulations. UNFPA will also enhance systems and services that improve its ability to effectively and efficiently identify high-quality candidates and process applicants, particularly through the online eRecruit system.

119. In order to maintain motivated and capable staff, UNFPA will develop a comprehensive staff well-being framework, which will include the revision of the work-life policy as well as the promotion of the safety and security of staff through the development of business continuity plans. As part of the succession planning framework, UNFPA will identify the development needs of staff along career paths or streams for career progression. It will provide staff with learning and training opportunities based on these developmental needs, such as ensuring that UNFPA managers and professionals have the necessary skills for human resources management. UNFPA will also launch an online learning management system.

120. In line with improving accountability for achieving results, this function will continue to manage and enhance the performance appraisal and development system of UNFPA. The Division for Human Resources will seek to increase staff awareness of relevant policies as well as administer the internal justice system of UNFPA. UNFPA participation in inter-agency bodies will ensure that the UNFPA

position on matters involving human resources is taken into account. UNFPA will also monitor the implementation of the oversight and audit recommendations.

121. Accountability and funding levels. The accountability for the key activities below lies primarily with the Division for Human Resources. Funding levels for this function are $15.4 million in 2008-2009 and $15.7 million in 2010-2011.

122. Expected key results

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 3 Result: Attract, develop and retain talented, motivated and diversified staff	*Percentage of staff who are satisfied with their jobs and motivated to succeed	76% satisfied with job; 86% motivated to make UNFPA successful	Maintain same high level
Output 3 Result: Maintain and increase efficiency in filling vacant posts	*Recruitment time from the close of the vacancy announcement, to the provisional offer, to the chosen candidate	International posts: 6 months Local posts: 4 months	International posts: 4 months Local posts: 3 months

Function 14. Audit and investigation

123. Definition and description. This function captures the costs of regularly updating the risk universe; planning, carrying out, following up and communicating on internal audit and oversight exercises; preventing and detecting fraud; and conducting investigations. The audit and oversight exercises help managers to assess and improve the adequacy, efficiency and effectiveness of their control systems, business practices and use of resources to achieve results. Internal audit provides the Executive Director and UNFPA governing bodies with assurance on UNFPA governance and risk-management processes, internal controls and the quality of its performance in supporting the accountability framework.

124. Issues and narrative. UNFPA will continue to strengthen the accountability and assurance processes by updating its approach to audit and investigation and reorganizing the internal audit and oversight services in UNFPA. For the 2010-2011 biennium, UNFPA will focus on the following change measures:

(a) Using the newly established investigation function to support organization-wide fraud risk mitigation, prevention and the investigation of alleged misconduct;
(b) Implementing the measures in the oversight procedures manual in order to strengthen the quality and efficiency of the work performed by the Division for Oversight Services;
(c) Decreasing the audit and oversight report release lead time;
(d) Improving the monitoring and tracking system for the implementation of the audit and oversight recommendations and other risk-management data;
(e) Supporting the Audit Advisory Committee as an independent assurance mechanism;
(f) Increasing the number of oversight missions conducted in order to better assess the exposure to risk of the organization.

125. Accountability and funding levels. The accountability for the key activities below lies with the Internal Audit Branch and the Investigation Branch in the Division for Oversight Services. Funding levels for this function are $9 million in 2008-2009 and $9.1 million in 2010-2011.

126. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 6 Result: Risk environment assessed through relevant and high-quality audit reports	Number of audits completed	16 audits	20 audits
Output 6 Result: Improved oversight services through effective management practices and risk prevention	Lead time between reports being received by the Division for Oversight Services and action taken	75 % of investigations completed within 120 days of being reported to the Division for Oversight Services	75% of investigations completed within 90 days of being reported to the Division for Oversight Services

Function 15: Corporate evaluation

127. Definition and description. Evaluation is a longstanding and widespread function, carried out by the programme side of UNFPA (decentralized evaluations) and by the Division for Oversight Services (corporate evaluations). While the evaluation of operational programmes is an integral part of programme management and oversight, the Division for Oversight Services has been directed by the Executive Board to play two roles: (a) corporate evaluation, providing independent assurance to the Executive Director and governing bodies of the relevance, efficiency, effectiveness, impact and sustainability of UNFPA support; and (b) reporting directly to the Board on the function, findings and recommendations of evaluations, compliance, the quality of evaluations, analysis of the factors affecting quality, and the follow-up to evaluations.

128. Issues and narrative. During 2010-2011, UNFPA will focus on: (a) standardizing the oversight approach to assessing programmes to enhance transparency and facilitate comparative analysis across business units; (b) completing independent evaluations on topics of importance to UNFPA; and (c) supporting the building of a culture of evaluation and results-based management in UNFPA. In addition, UNFPA will participate in inter-agency mechanisms, such as the United Nations Evaluation Group and the United Nations Development Group working groups, to further contribute to harmonization.

129. Accountability and funding levels. The accountability for the key activities below lies with the Evaluation Branch in the Division for Oversight Services and with the Environmental Scanning and Planning Branch in the Programme Division. Funding levels for this function are $2.6 million in 2008-2009 and $2.7 million in 2010-2011.

130. Expected key results

Strategic plan management outputs and key results	Indicators	Baselines	Target
Output 6 Result: Enhanced quality of evaluations through guidance and capacity development	Milestones in a strengthened programme evaluation function in UNFPA	Evaluation policy approved by the Executive Board	Evaluation guidelines issued and regional implementation workshops completed
Output 6 Result: Assess and help manage risks through evaluative assessments as part of oversight missions	Number of oversight missions with the participation of an evaluator	11 engagements	15 engagements
Output 6	Number of countries	Less than 50%	85% of country

Strategic plan management outputs and key results	Indicators	Baselines	Target
Result: Country programme evaluations completed and used in country programme planning	with country programme evaluations completed in line with quality standards and used as input to country programme planning for the next cycle	(estimated)	programmes initiating a new cycle

Function 16: Staff security

131. Definition and description. This function covers activities related to ensuring a safe and secure environment and facilities for the staff of the organization so that UNFPA may plan and implement programmes effectively. It includes establishing and maintaining policies and systems of security management and accountability, providing an enabling environment for safe programme delivery, and contributing to staff safety and security in all locations.

132. Issues and narrative. As a result of the increasing and sustained threats made toward the United Nations and in particular to its personnel, premises and operations, improved security continues to be a challenge in the current environment. This has led to an increase in the number of measures that must be implemented to ensure the safety and security of international and national staff to enable programme delivery. In a number of locations, the requirement to improve the security of premises necessitates blast-mitigating measures, as recommended by relevant experts. Such measures, including engaging the services of blast-assessment specialists, are costly. The United Nations is experiencing an increase in the requirement for armoured vehicles to operate in locations where 'soft' vehicles once operated. To further address these threats and risks, United Nations country teams must put in place additional security measures as part of common cost-sharing, including the establishment of security information operations cells with analysis capacity, radio rooms and appropriate response capacity.

133. Accountability and funding levels. Accountability for the key activities below lies with the Office of the Security Coordinator, which includes regional security advisers in the field. Funding levels for this function are $7.2 million in 2008-2009 and $7.6 million in 2010-2011. Overall security requirements, including items financed by the security reserve, are summarized in the table below:

Supplementary table III: Comparison of security requirements

	2008-2009	2010-2011	Increase or (decrease)	Increase or (decrease)
	in millions of $	in millions of $	in millions of $	%
Security reserve				
United Nations Department of Safety and Security	5.1	5.7	0.6	12%
Global access control system (headquarters)	0.5	0.0	(0.5)	-100%
MOSS/MORSS a/	5.0	4.1	(0.9)	-18%
Others	0.5	0.1	(0.4)	-80%
Posts		0.7	0.7	
Utilization of existing reserve	(3.7)	(4.8)	(1.1)	30%
Subtotal for security reserve*	**7.4**	**5.8**	**(1.6)**	**-21%**
Cumulative security reserve**	**18.9**	**24.7**	**5.8**	
Biennial support budget				
Malicious act insurance policy	0.3	0.3	0.0	0%
MOSS/MORSS, country offices a/	3.4	3.0	(0.4)	-13%
Others	0.7	0.6	(0.1)	-18%
Centraly allocated costs	0.4	0.7	0.3	60%
Posts	2.4	3.1	0.7	29%
Subtotal biennial support budget	**7.2**	**7.6**	**0.4**	5%

* Charges shown under table 1, resource plan, item D

** UNFPA established the security reserve through Executive Board decision 2004/27, and replenished it in subsequent bienniums (Executive Board decisions 2005/37 and 2008/6)

a/ MOSS= minimum operating security standards; MORSS= minimum operating residential security standards

134. Expected key results

Strategic plan management outputs and key results	**Indicators**	**Baselines**	**Target**
Output 9 Result: Staff security strengthened through compliance with minimum operating security standards	Percentage of evaluated country offices that are compliant with minimum operating security standards	66% of evaluated country offices are compliant with minimum operating security standards	80% of evaluated country offices are compliant with minimum operating security standards
Output 2 Result: Implement security measures for all offices and operations, thereby ensuring that field offices comply with minimum operating security standards	Percentage of security assessments carried out in field offices	Security assessments conducted in 80% of critical country offices	Security assessment conducted in 100% of critical country offices or implementation followed up

V. Draft decision

The Executive Board may wish to adopt the following decision:

The Executive Board,

1. *Takes note of* the functions, management outputs, indicators and resource requirements in the estimates for the UNFPA biennial support budget, 2010-2011, as contained in document DP/FPA/2009/10;

2. *Approves* gross resources in the amount of $274.5 million, representing the total biennial support budget, 2010-2011, and *notes* that the estimated net resources total $236.3 million;

3. *Decides* that the appropriated amount should be used towards the 16 functions specified in document DP/FPA/2009/10, to achieve the management outputs in the UNFPA strategic plan, 2008-2013;

4. *Authorizes* an additional expenditure of $5.7 million from regular resources to further develop and implement the enterprise resource planning (Atlas) project and the international public sector accounting standards;

5. *Also authorizes* an additional expenditure of $5.8 million from regular resources to replenish the security reserve;

6. *Further authorizes* an additional expenditure of $5.9 million from regular resources for the relocation of UNFPA headquarters, as a one-time occurrence;

7. *Further authorizes* the reduction by $4 million of the approved one-time costs for the new UNFPA organizational structure (decision 2008/6), which results in a revised total of $24.4 million;

8. *Notes* that the set-up of some of the permanent regional office premises may be extended to 2010. In such instance, UNFPA will carry over a corresponding amount of the approved one-time cost levels to 2010.

Summary table 1 Regional resource plan

(in millions of United States dollars)

	2008-2009				2010-2011			
	Regular resources $	Additional resources $	Total resources $	%	Regular resources $	Additional resources $	Total resources $	%
AFRICA								
A. Programmes	261.3	118.7	380.0		312.8	197.8	510.6	
B. Biennial support budget	73.6	0.0	73.6		75.9	0.0	75.9	
Total Africa	334.9	118.7	453.6	34.0%	388.8	197.8	586.6	39.6%
ARAB STATES AND EUROPE								
A. Programmes	0.0	0.0	0.0		0.0	0.0	0.0	
B. Biennial support budget	1.8	0.0	1.8		0.0	0.0	0.0	
Total Arab States and Europe	1.8	0.0	1.8	0.1%	0.0	0.0	0.0	0.0%
ARAB STATES								
A. Programmes	54.4	54.5	108.9		54.9	90.1	145.1	
B. Biennial support budget	17.8	0.0	17.8		22.5	0.0	22.5	
Total Arab States	72.2	54.5	126.7	9.5%	77.5	90.1	167.6	11.3%
EASTERN EUROPE AND CENTRAL ASIA								
A. Programmes	26.4	11.3	37.7		31.2	24.8	56.0	
B. Biennial support budget	10.9	0.0	10.9		13.3	0.0	13.3	
Total Eastern Europe and Central Asia	37.3	11.3	48.6	3.6%	44.4	24.8	69.3	4.7%
ASIA AND THE PACIFIC								
A. Programmes	186.4	86.5	272.8		184.2	58.4	242.6	
B. Biennial support budget	36.0	0.0	36.0		38.4	0.0	38.4	
Total Asia and the Pacific	222.3	86.5	308.8	23.1%	222.6	58.4	281.0	18.9%
LATIN AMERICA AND THE CARIBBEAN								
A. Programmes	63.8	91.3	155.1		69.5	69.2	138.8	
B. Biennial support budget	27.7	0.0	27.7		29.4	0.0	29.4	
Total Latin America and the Caribbean	91.5	91.3	182.8	13.7%	98.9	69.2	168.2	11.3%
INTERCOUNTRY / GLOBAL								
A. Programmes	40.0	43.8	83.8		40.0	57.8	97.8	
B. Biennial support budget	18.7		18.7		20.6		20.6	
Total global	58.7	43.8	102.6	7.7%	60.6	57.8	118.4	8.0%
CENTRALLY MANAGED SUPPORT - Biennial spport budget	73.3		73.3	5.5%	74.4		74.4	5.0%
Income to budget	(24.0)	24.0	0.0		(38.3)	38.3	0.0	
A. Programmes	632.3	406.1	1,038.4	77.7%	692.7	498.2	1,190.9	80.3%
B. Biennial support budget	235.8	24.0	259.8	19.4%	236.3	38.3	274.5	18.5%
C. Atlas, including IPSAS*	6.0	0.0	6.0	0.5%	5.7	0.0	5.7	0.4%
D. Security reserve	7.4	0.0	7.4	0.6%	5.8	0.0	5.8	0.4%
E. Headquarters relocation	0.0	0.0	0.0	0.0%	5.9	0.0	5.9	0.4%
F. Reorganization (one-time costs)	24.4	0.0	24.4	1.8%	0.0	0.0	0.0	0.0%
GRAND TOTAL USE OF RESOURCES	905.8	430.1	1,335.9	100.0%	946.4	536.5	1,482.8	100.0%

Note: The breakdown of regular resources for programmes is based on the resource distribution in line with the original strategic plan, 2008-2011.
The breakdown of additional resources for programmes is based on expenditure for 2008.
* International public sector accounting standards

Summary table 2 Proposed changes in senior posts

	Senior Posts			
	USG/ASG	D-2	D-1	Total
2008-2009 APPROVED POSTS	3	11	56	70
A. Proposed increases and decreases				
Headquarters				
Field				
Total increases and decreases				
B. Proposed reclassifications				
Headquarters				
Field				
Total reclassifications				
Total changes (net)				
2010-2011 PROPOSED POSTS	3	11	56	70

UNFPA does not propose any changes to senior-level posts in 2010-2011.

Summary table 3 Budget estimates by expenditure category

(in millions of United States dollars)

Expenditure category	2008-2009	Changes			2010-2011	Increase/(Decrease)	
		Volume		Cost			
	Estimates	Amount	%		Estimates	Amount	%
Posts a/	191.8	1.2	0.6%	15.0	208.0	16.2	8.5%
Other staff costs	0.5	(0.0)	-0.2%	0.0	0.6	0.0	7.1%
Consultants	3.1	(1.7)	-53.9%	0.2	1.6	(1.5)	-48.6%
Travel	5.3	(0.8)	-14.2%	0.3	4.9	(0.4)	-8.2%
Operating expenses	33.7	(1.8)	-5.3%	2.7	34.5	0.9	2.6%
Furniture and equipment	5.5	(1.2)	-21.2%	0.3	4.6	(0.8)	-14.9%
Reimbursements	15.5	0.1	0.7%	0.9	16.5	1.0	6.3%
Insurance and security	4.4	(0.8)	-19.0%	0.3	3.9	(0.6)	-13.0%
TOTAL GROSS BUDGET ESTIMATES	**259.8**	**(4.9)**	**-1.9%**	**19.6**	**274.5**	**14.7**	**5.7%**
Estimated income credit	(24.0)	(14.3)	59.5%		(38.3)	(14.3)	59.5%
TOTAL NET BUDGET ESTIMATES	**235.8**	**(19.2)**	**-8.1%**	**19.6**	**236.3**	**0.5**	**0.2%**

a/ Includes costs for posts (local and international), and learning costs

Summary table 4 Posts by location

Source of funds/ organizational unit	USG ASG	D-2	D-1	Other IP	All Other	Grand Total
A. Programme support						
1. Field						
2008-2009 Regular resources	0	5	35	132	746	918
2010-2011 Regular resources	0	5	35	132	748	920
2. Headquarters						
Technical Division						
2008-2009 Regular resources	0	1	6	8	8	23
2010-2011 Regular resources	0	1	6	8	8	23
Programme Division						
2008-2009 Regular resources	0	1	3	9	5	18
2010-2011 Regular resources	0	1	3	10	5	19
Total: A2 Programme support, headquarters						
2008-2009 Regular resources	0	2	9	17	13	41
2010-2011 Regular resources	0	2	9	18	13	42
Total: A. Programme support						
2008-2009 Regular resources	0	7	44	149	759	959
2010-2011 Regular resources	0	7	44	150	761	962
B. Management and administration						
Office of the Executive Director						
2008-2009 Regular resources	3	0	2	5	7	17
2010-2011 Regular resources	3	0	2	5	7	17
Division for Oversight Services						
2008-2009 Regular resources	0	1	1	14	5	21
2010-2011 Regular resources	0	1	1	13	5	20
Division for Management Services						
2008-2009 Regular resources	0	1	4	21	37	63
Other resources related to reimbursement	0	0	0	2	6	8
Total	**0**	**1**	**4**	**23**	**43**	**71**
2010-2011 Regular resources	0	1	4	24	38	67
Other resources related to reimbursement	0	0	0	2	11	13
Total	**0**	**1**	**4**	**26**	**49**	**80**
Information and External Relations Division						
2008-2009 Regular resources	0	1	4	14	13	32
2010-2011 Regular resources	0	1	4	14	13	32
Division for Human Resources						
2008-2009 Regular resources	0	1	1	10	11	23
2010-2011 Regular resources	0	1	1	10	11	23
Office of the Security Coordinator						
2008-2009 Regular resources	0	0	0	2	2	4
2010-2011 Regular resources	0	0	0	2	2	4
Total B. Management and administration						
2008-2009 Regular resources	3	4	12	66	75	160
Other resources related to reimbursement	0	0	0	2	6	8
Total - B	**3**	**4**	**12**	**68**	**43**	**130**
2010-2011 Regular resources	3	4	12	68	76	163
Other resources related to reimbursement	0	0	0	2	11	13
Total - B	**3**	**4**	**12**	**70**	**49**	**138**
Grand Total						
2008-2009 Regular resources	3	11	56	215	834	1,119
Other resources related to reimbursement	0	0	0	2	6	8
GRAND TOTAL	**3**	**11**	**56**	**217**	**840**	**1,127**
2010-2011 Regular resources	3	11	56	218	837	1,125
Other resources related to reimbursement	0	0	0	2	11	13
GRAND TOTAL	**3**	**11**	**56**	**220**	**848**	**1,138**

VI. Annex 1: Actions taken by UNFPA to implement the recommendations of the Advisory Committee on Administrative and Budgetary Questions

As requested by the Advisory Committee on Administrative and Budgetary Questions in its report on the estimates for the UNFPA biennial support budget for 2008-2009 (DP/FPA/2008/2), UNFPA is pleased to provide an annex summarizing the actions taken by UNFPA to implement the recommendations of the Committee.

1. The Committee notes the efforts of UNFPA to implement results-based budgeting. The Committee notes that the presentation, as it is currently formulated, continues to be too general and does not provide distinct information on links with specific programmes of work or activities. In addition, it does not allow assessment of cost effectiveness and the degree of achievement of expected results. The Committee recognizes with UNFPA that the results-based approach is a work in progress. In this connection, the Committee was informed that UNFPA will continue its efforts to improve indicators and linkages between management and programme activities.[1] **The Advisory Committee reiterates its previous request that UNFPA, UNDP and UNICEF take into account lessons learned by other United Nations entities that have already implemented results-based budgeting techniques** (DP/FPA/2005/14, paragraph 3).

UNFPA is strengthening results linkages to the UNFPA strategic plan, and used the results and indicators provided in the strategic plan for the 2010-2011 budget proposal. UNFPA has sought to reduce the number of results, indicators and targets that appear in the present document, and use key indicators from the strategic plan as well as office management plans for each budget function. This is in response to Executive Board decision 2009/3 on the need to achieve efficiency and effectiveness in reporting practices and to apply lessons learned from the implementation of the 2008-2009 results framework. To increase harmonization efforts, UNDP, UNFPA and UNICEF have agreed to include one common result for each of the 16 budget functions, with organization-specific indicators.

2. In order to ensure greater budgetary transparency, it is important to include in the support budget submission information on major objects of expenditure under post and non-post costs. Within non-post costs, information should be provided on subheadings (other staff costs, non-staff compensation, consultants and experts, travel of representatives, travel of staff, contractual services, general operating expenses, hospitality, supplies and materials, furniture and equipment, grants and contributions) as is being done by the United Nations Secretariat. The Advisory Committee recommends that these changes to the format of budget submissions be considered by the Executive Boards of all funds and programmes.

UNFPA, in consultation with UNDP and UNICEF, included an additional summary table (summary table 3 in the present document), which presents the budget proposal by major expenditure categories, in line with the previous harmonized format.

3. The Committee wishes to point out that liabilities to be funded for after-service health insurance, replenishment of the operational reserve and additional expenses on account of the United Nations-mandated security requirements are increasing expenditure on support activities at the cost of programme activities. It therefore recommends that UNFPA continue to exercise scrutiny of programme support cost so as to ensure an even higher allocation of funds for programmes.

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[1] DP/FPA/2008/1, paragraphs 4 and 11

UNFPA has continued its efforts to channel more funds towards programmes, which is evident in table 1, resource plan. The estimated use of resources for programmes has increased from 77.7 per cent to 80.3 per cent of total resources.

4. The Committee requests that this information, along with the status of reclassifications proposed for 2008-2009, be submitted to the Executive Board, as well as the number and cost of reclassifications in 2006-2007, so as to enable the Board to better analyse increased expenditure on the support budget.

UNFPA submitted the status for the proposed 2008-2009 and 2006-2007 reclassifications to the Executive Board in its management response to the report of the Advisory Committee on Administrative and Budgetary Questions, in the context of the discussion on the 2008-2009 budget.

5. The Advisory Committee remains concerned at the large number of posts proposed for reclassification and reiterates its comments thereon. It points out that these reclassifications constitute a recurrent cost to UNFPA, with a potential impact on the future availability of resources for programme activities.

UNFPA exercised maximum restraint in the proposed number of reclassifications for 2010-2011; however, it wishes to point out that UNFPA staff, in general, are a grade or more lower than their counterparts. For 2010-2011, UNFPA proposes only 10 reclassifications (6 upward and 4 downward).

6. The Advisory Committee is of the opinion that at this stage, the percentage of the total number of D-1 positions should remain at 25 per cent, and that UNFPA should resubmit its proposal in the context of the biennium budget 2010-2011, with full justification and with details of reclassification effected during 2006-2007 and 2008-2009.

UNFPA presented the full justification to the Executive Board, as well as the details of the reclassifications effected during the 2006-2007 and 2008-2009 bienniums. The Executive Board, in decision 2008/6, recognized that the field operations of UNFPA have evolved since the adoption of decision 1995/35, and decided that UNFPA should continue to use the current International Civil Service Commission standards to classify or reclassify international staff positions. It also requested UNFPA to exercise restraint when considering the upward classification of staff positions. UNFPA complied with the request for the 2010-2011 budget proposal.

7. The Committee notes the initiative by UNFPA to establish [the operations manager] posts at the national level and recommends that it keep the matter under review to ensure that national officers are used as far as possible, consistent with the efficient operations of the offices.

UNFPA has consistently used national posts in its field offices and ensured the prevalence of national officers. For the 2010-2011 biennium, national posts represent 81.3 per cent of total field posts, and international posts represent 18.7 per cent (supplementary table II refers).

8. The Committee is convinced that an investment in enterprise resource planning of such a magnitude should lead to tangible savings, both in post and non-post expenditure. Therefore, the Committee recommends that UNFPA quantify savings and efficiency gains in the context of the next biennial budget. Given the fact that the implementation of IPSAS and the upgrading to PeopleSoft 9.0 would be completed during 2008-2009, the Committee expects resource requirements in the next biennium to be limited to projected maintenance costs.

The enterprise resource planning system will continue to be the core of the information communications technology system of UNFPA. It has been instrumental in achieving significant efficiencies, both tangible and intangible, and will continue to bring similar efficiencies in the future. In addition, Atlas has enabled UNFPA to introduce verifiable, robust internal controls in its financial transactions, which have led to greater transparency and accountability and a minimization of risks. The following are examples of these efficiencies:

(a) The number of functions that each staff member performs has increased, as has the complexity in which UNFPA operates; however, UNFPA staff are performing at a higher and more strategic level than before, and are absorbing the additional functions, mainly within the existing capacity. For example, compared to the 2000-2001 biennium, our regular resources will have grown cumulatively by 80 per cent, given the projected income levels for 2010-2011, while the number of posts will have grown cumulatively by approximately 10.5 per cent for the same period.
(b) In terms of quantity (not value), UNFPA was able to process 17 per cent more financial vouchers, 26 per cent more purchase orders and 27 per cent more project budget components during 2008 compared to 2006, without major increases in administrative posts.
(c) The newest Atlas module, eRecruit, which became operational in 2008, enabled UNFPA to process approximately 15,000 applications during the reorganization exercise, without increasing its staff.
(d) Reaction times are faster, there is better oversight (dashboard data quality checks), and UNFPA is able to process payroll for all staff and minimize the risk of overpayments.
(e) The regional structure and decentralization are supported through one system and access to Atlas.
(f) Atlas enables the implementation of IPSAS, which otherwise would not have been possible.
(g) Atlas enables business continuity as information is stored and available even in the case of an emergency.
(h) Transactional activities are performed online. There is no need to wait for mail or fax to arrive before approval can be obtained.
(i) Online approvals do not have to wait for an approver to return from travel to approve transactions.
(j) Data related to supporting evidence-based decisions are available immediately.

With regard to investments in Atlas, the upgrades are driven by the vendors; thus, further upgrades cannot be ruled out. Furthermore, continuing business needs and systems development requires resources beyond pure maintenance costs.

9. While the Committee acknowledges the importance of travel for functional reasons, it points out that substantial investment has been made in information and communications technology (DP/FPA/2008/1, paragraphs 97-99) and that given the expansion of UNFPA's field presence and its decentralization strategy, the need for staff to travel from headquarters should be much reduced. The Committee is also of the view that UNFPA should explore the possibility of using videoconferencing and other electronic means of communication where possible. The Committee recommends that travel expenses be closely monitored and reported in the context of the next budget submission, when the Committee will review the issue.

The use of telecommunications for business purposes increased considerably during 2008. UNFPA held 365 video conferences, 57 of which were multi-point sessions and the remainder of which were point-to-point sessions. Furthermore, in 2008, UNFPA headquarters held 809 web sessions where multiple parties from country offices were involved. Most of these sessions were for training and learning purposes; others were presentations and meetings.

UNFPA made significant efforts to reduce travel estimates for the 2010-2011 biennium. The estimated travel cost increases are 5.9 per cent. UNFPA reduced the volume in travel by 14.2 per cent, to absorb the cost increases and further reduce travel estimates. Therefore, the total travel provision has been reduced by 8.2 per cent.

10. The Committee recommends that UNFPA include the recurrent and non-recurrent expenditure relating to its disaster recovery and business continuity activities as separate items in its next biennial support budget. Further, the Committee recommends that UNFPA seek advice from the Chief Information Technology Officer before any further development in this area.

UNFPA is a member of the Information, Communication and Technology Network of the Chief Executives Board for Coordination, which included the issue of common data centres and disaster recovery in its agenda in 2008. The Joint Inspection Unit has also addressed this matter in its 2008 study. These bodies have recommended that, for the time being, the United Nations International Computing Centre be used as the common data centre. UNFPA has become a member of the United Nations International Computing Centre management committee and has participated in its meetings. UNFPA, together with its Atlas partner organizations (UNDP, UNOPS), has decided to host its enterprise resource planning system, Atlas, in the United Nations International Computing Centre. The migration from its current hosting vendor, IBM, is currently under way and will be completed during the fourth quarter of 2009. This migration will result in a more flexible and powerful environment and in lower costs, which have been reflected in the 2010-2011 proposal.

In line with the recommendations of the Information, Communication and Technology Network and the Joint Inspection Unit, UNFPA has also begun the deployment of its disaster recovery for other applications at the United Nations International Computing Centre. The implementation of all the elements of disaster recovery at the United Nations International Computing Centre will be completed during the next biennium. The costs associated with disaster recovery are included in the budget proposal.

11. The Advisory Committee emphasizes the importance of timely implementation of the recommendations of the Board of Auditors. The Committee also recommends that UNFPA include in its future budget presentations detailed information on the implementation of the Board's recommendations.

UNFPA agrees with the importance of timely implementation of the recommendations of the Board of Auditors. UNFPA regularly provides a report to the Executive Board on the status of the implementation of the recommendations of the Board of Auditors. The latest report (DP/FPA/2009/1) and its annex may be accessed at the following links:

Follow-up to the report of the United Nations Board of Auditors for 2006-2007: status of implementation of recommendations
Annex: Status of implementation of the recommendations of the Board of Auditors for 2006-2007

VII. Annex 2: Terminology

Additional resources: This terminology is used in the context of a simplified presentation of the biennial support budget tables. It is defined as resources, other than regular resources, including other resources and funds-in-trust.

Appropriation: An authorization by the Executive Board to the head of the agency to commit biennial support budget funds during the biennium, up to the amounts so approved.

Biennial support budget: The budget of an organization that covers a set of functions that support the operational activities of the organization, in support of its mission and mandate at all levels, within the framework of the strategic plan, over a two-year period.

Cost (increase and decrease): Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Function: A group of activities carried out, funded with biennial support budget resources, to operate and improve the agencies in order to assure the effective delivery of development results and implementation of their respective mandates.

Gross budget: For voluntarily funded organizations, the budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, i.e., inclusive of income tax payments for staff, total local office costs and costs of services to be rendered.

Net budget: For voluntarily funded organizations, the budget that reflects estimates of income to be expected which offsets, in whole or in part, the related gross budget estimates.

Other resources: Resources of a voluntarily funded organization, other than regular resources, which are received for a specific programme purpose (other resources relating to programmes) and for the provision of specific services to third parties (other resources relating to reimbursements).

Programmes: Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Regular resources: Resources of a voluntarily funded organization that are co-mingled and untied. These include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Results-based budgeting: Based on the concept paper of the High-Level Committee on Management, for the biennial support budgets of UNDP, UNFPA and UNICEF, results-based budgeting is defined as a results-driven budgeting process wherein resource justification is made for a set of expected results, with indicators, including baselines and targets to be achieved, presented by key functions.

Volume (increase and decrease): Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations, to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

VIII. Annex 3: Methodology

1. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for the first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed biennial support budget is during the first months of the second year of the current biennium. A description of each sequential step follows.

Volume adjustments

2. First, using the approved appropriations as a base, the real increases or decreases in requirements are calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, subject to the executive head's assessment of what the organization requires to perform the task with which it is entrusted. Such volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

Various cost adjustments

3. Cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments are added to the approved appropriations and volume changes. Except for within-grade increments, they reflect only known changes that have occurred in the two years since the preparation of the last biennial support budget. Such cost factors include, for example, decisions of the International Civil Service Commission on a variety of staff entitlements (e.g., dependency allowances and education grants), and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot upon relocation of premises.

Currency adjustment

4. Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 April of the year preceding the current biennium and, for example, on 1 April of the second year of the current biennium, i.e., the time of preparation of the proposed biennial support budget. This factor is of particular importance given the extent of the field offices of the organization, where operating costs vary greatly with the strength or otherwise of the United States dollar.

Inflation adjustment

5. Finally, to complete the picture and to develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency, as follows:

(a) For the first year of the current biennium to the first year of the proposed biennium. The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition therefore includes:

(i) the difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;

(ii) the difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium; and

(iii) the inflation projection for the first year of the proposed biennium.

(b) For the second year of the current biennium to the second year of the proposed biennium:

(i) – (iii) as in (a) above; and

(iv) the inflation projection for the second year of the proposed biennium.

6. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The first inflation factor pertains to the estimated movement of post adjustment for international professional staff;

(b) The second inflation factor pertains to international travel and common staff costs for internal professional staff (this is the same for all locations);

(c) The third factor encompasses salaries and common staff costs for local staff, i.e., in the national professional category and general service and other categories, which may vary significantly from location to location; and

(d) The fourth factor relates to all other costs, such as operating expenses.

7. Within the general framework, New York and Geneva are treated separately from field offices. For these two locations, the rates used are the same as those used by the United Nations, unless specific contractual commitments differ.

8. Apart from a limited number of cost elements such as international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates are compared with past experience and current global patterns and/or information that is available and published before being applied to the budget estimates.